

2023

Annual report



SAVON  
VOIMA



# 2023

SAVON VOIMA OYJ ANNUAL REPORT



SAVON VOIMA OYJ, SAVON VOIMA VERKKO OY,  
ITÄ-SUOMEN BIOMASSA OY

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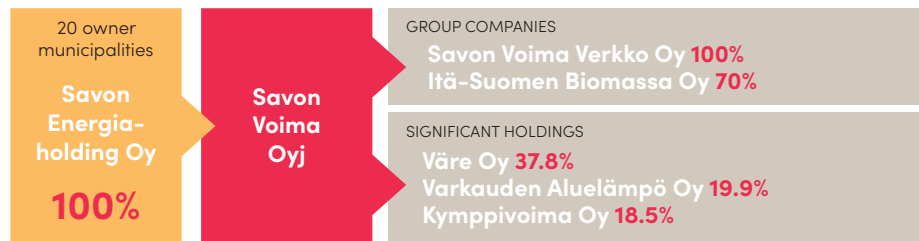
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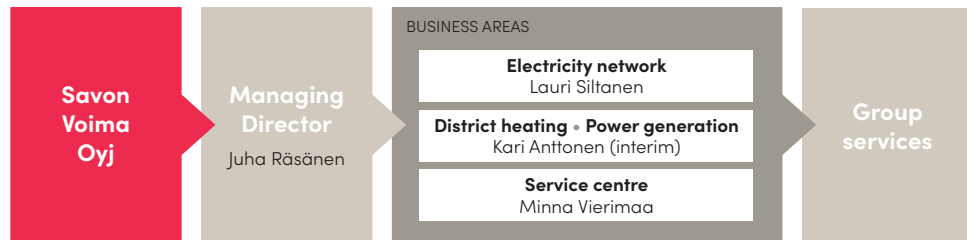
# Savon Voima in brief

## Group structure 1 January 2024

Savon Voima Oyj is wholly owned by Savon Energiaholding Oy, which is owned by the 20 municipalities in our network area.



Savon Voima Group's business activities include the distribution of electricity and network services, production and distribution of district heat, power generation and customer service and invoicing solutions offered to other operators in the energy sector.



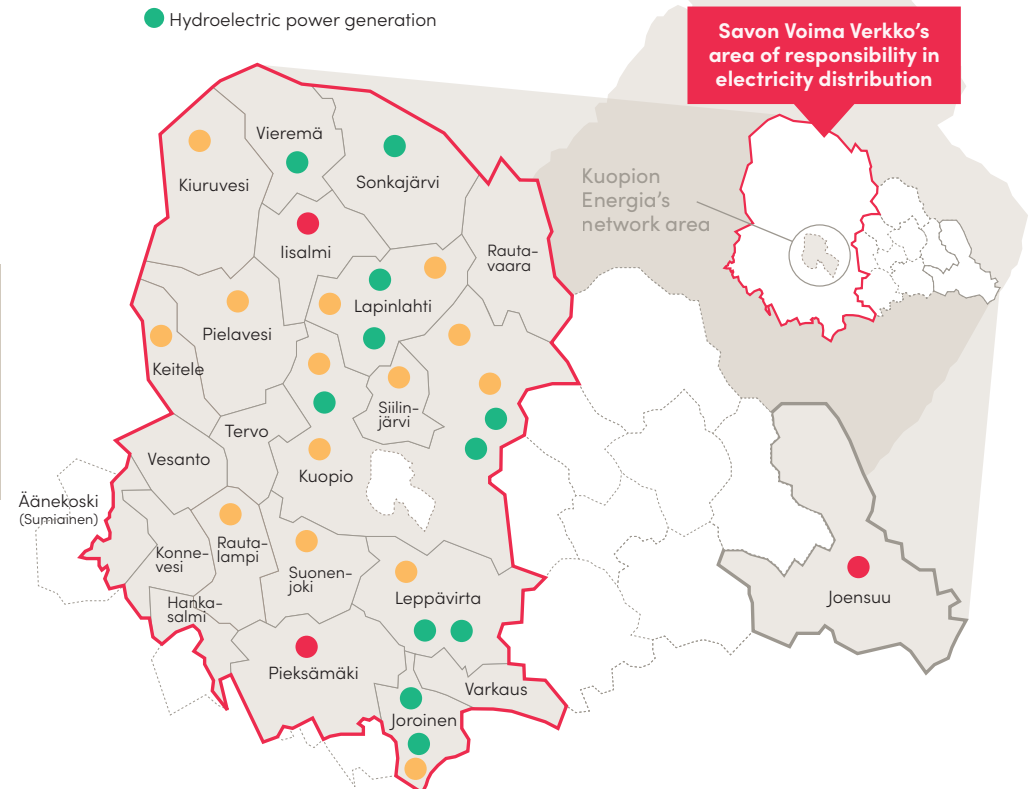
[savonvoima.fi/kestavakehitys](https://savonvoima.fi/kestavakehitys)

Want to read more about Savon Voima's corporate responsibility and sustainable development themes? View our sustainable development review.

**Savon Voima** offers district heating in 21 district heating networks in 13 municipalities, mostly from renewable heat sources. In addition, we generate electricity at 11 hydroelectric power plants and have combined heat and power generation at the Iisalmi, Pieksämäki and Joensuu power plants.

**Savon Voima Verkko** is the 6th-largest distribution system operator in Finland, and it is responsible for the distribution of electricity and other network services to approximately 120,000 customers in North Savo and parts of South Savo and Central Finland. The company's electricity network is approximately 27,000 km long, about 230 m per customer.

- Separate production of district heat
- Combined heat and power generation (CHP)
- Hydroelectric power generation





## CEO's review

# Net sales increased, but inflation and increased fuel costs impacted the result negatively

Uncertainty dominated the start of 2023. In 2022, the market prices of electricity were historically high, and the rationing of electricity and possible rolling blackouts were widely discussed in society, and the start-up of the nuclear power plant Olkiluoto 3 was repeatedly postponed due to its feed water pumps and safety valve failing. The race for domestic energy sources, which was sparked in March 2022 by the war in Ukraine, resulted in many instances of the availability and stock levels of domestic fuels being poor. Thankfully, the start of 2023 turned out to be mild and windy, which alleviated the difficult market conditions. The change achieved in the consumption behaviour of people and industry resulted in significant energy savings of more than 10%, which in turn contributed to overcoming the most difficult times. The decrease in energy consumption became evident in district heat consumption (adjusted for temperature) after the *Astetta alemmas* campaign. The consumption of district heat decreased in the early heating months of the year by 5% from the average temperature-adjusted consumption.

The start-up of Olkiluoto 3 in March provided the market with much-needed additional capacity. At the same time, Europe's gas reserves (which had remained high) combined with windy and temperate weather conditions and the water situation (which improved as spring progressed) resulted in lowered market expectations in the electricity market. We overcame a winter that many expected to be a large-scale crisis. The state rewarded our resilience by setting an excess profits tax on the electricity market through which the tax rate on electricity production was increased to almost 50% for 2023.

Savon Voima's strategy update launched in the spring focused on developing customer relationship management towards an improved customer experience. In the changed operating environment, we identified increased volatility in the electricity market, the impacts of inflation and rising interest rates on our own and our customers' investment and growth opportunities, high cost pressure of traditional heat production and growing sustainability expectations affecting the whole sector. The roadmap to carbon-neutral production with its main objectives remained in force while the electricity-based heat production projects in the strategy were brought forward from what had been previously planned. The project preparations of renewable energy projects of Savon Voima Verkko are expected to generate growth for our network business in the coming years. Savon Voima's strategy was condensed into four cornerstones: the customer at the heart of everything, effective operations, profitable growth and sustainable operations. In line with these cornerstones, we started planning our operations using an approach that both reaches far into the future and covers annual person- and team-specific goals.



The value determination and assessment of the ownership options of Varkauden Aluelämpö, launched at the initiative of the City of Varkaus, kept Savon Voima employees busy during the late spring. The project aimed to determine ways in which Savon Voima's minority shareholding in Varkauden Aluelämpö could be increased and to identify synergy benefits that could be achieved through this arrangement. The project was found to be feasible, but the City of Varkaus suspended the work in September.

Both Savon Voima and the owner municipalities have long regarded the water management business as an expansion to their sphere of operations with a lot of synergy potential. Savon Voima's sustained work in assessing cooperation options was rewarded when a head for water management business was opened after a service agreement concerning remote water measuring was signed with the municipality of Pielavesi. The agreement covers the replacement of all the water meters used by the municipality of Pielavesi with modern, remotely readable meters as well as the reading service of these new measuring devices. The installation of these next-generation measuring devices was also started in the electricity network business during the financial year. The new electricity measuring devices to be installed provide customers with more real-time measurement data and the option of load control. In 2023, new energy meters were installed at a total of 19,000 sites.

The security of supply in 2023 was excellent for all businesses. The service rate of the electricity network improved to 99.982%, surpassing the the rate of the previous year (99.979). Storms in the electricity network area occurred in the latter half of the year. The worst storm in Savon Voima's network area was experienced in October, when

storm Ohto disrupted electricity distribution, affecting up to 18,000 customers. Other storms that hit the network area were Aila in July, Tauno in August and Varpu in September.

Investments in non-combustion heat production and heat storage started in Joensuu after Savon Voima was granted EUR 4 million in RRF support. This project was started in autumn 2023 with the construction of a 15,000-m<sup>3</sup> district heat accumulator. In Iisalmi, the efficiency and reliability of energy production was developed with a new fuel sampling robot and by modernising the fuel reception equipment. A project important for the integration of the sector, the construction of Joensuu Biocoal Oy production premises, began in the grounds of the Joensuu plant in September. Savon Voima will implement production facilities for the torrefied biomass production plant and, once the project is complete, the company will also be responsible for the operation and maintenance of the plant under a comprehensive service agreement. The investments in district heating and electricity production were EUR 21 (14) million in total. The construction project of Finland's largest wind power farm in Lestijärvi, which started in 2022, progressed during the year as scheduled in terms of turbine foundation work and electricity transmission line work. In turbine deliveries, delays of a few months are to be expected. Electricity network investments in a weatherproof electricity distribution network continued to be extensive; in 2023, the network investments were EUR 46.5 (42.2) million in total.

With regard to service and purchase agreements, Savon Voima continued its cooperation with Keitele Energy Oy for the purchase of heat for the Keitele district heat network. Similarly, an agreement on the supply of steam was extended with Sakupe

Oy in Siilinjärvi. New service agreements were signed for the provision of energy services to Inora Oy in Iisalmi and for the supply of heating and cooling energy to Osuuskauppa PeeÄssä in Tahkovuori. The first large-scale solar power plant was connected to the electricity network of Savon Voima in Joroinen. In terms of connection agreements for small-scale solar power production, the year was record-breaking. During the year, 1,045 solar power systems were connected to the network.

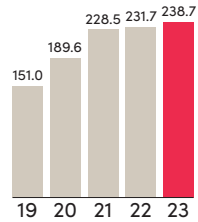
The roadmap towards emission-free energy production was implemented as planned in the strategy. Despite the challenging operating environment, the specific emissions from district heat production decreased by 11% to 74 gCO<sub>2</sub>/kWh. Emissions from the company's own electricity production decreased correspondingly. Zero-emission production accounted for 81% (74) of our own electricity production. When production shares are taken into account, the share of emission-free production is 86%. Our sustained safety work was rewarded in May when we achieved *1,000 days without accidents resulting in absence* within our Group. Our safety-oriented approach continued even after this achievement – 2023 was the third consecutive financial year without any accidents leading to absence.

Despite the eventful year, we were able to achieve a good result, thanks to our skilled and motivated staff. Special thanks to CEO Arto Sutinen, who led the Group until December 2023, for the great and visionary development path on which he led the company. And a thank you to all Savon Voima customers for your trust in our company's services and solutions.

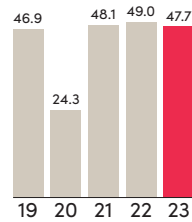
Siilinjärvi, 5 February 2024  
Juha Räsänen

# Savon Voima Group

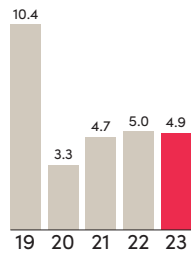
Net sales (MEUR)



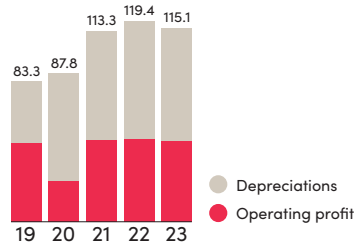
Operating profit (MEUR)



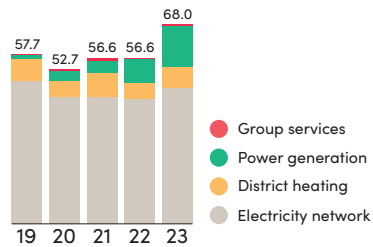
Return on investment (%)



Operating margin (MEUR)



Investments (MEUR)



## PERSONNEL

**214**

on average during the year

AVERAGE AGE

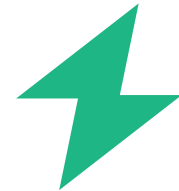
**44.6 yr**

permanent staff on 31 Dec.

# Savon Voima Verkko Oy

NET SALES (MEUR)	OPERATING PROFIT (MEUR)	INVESTMENTS (MEUR)
<b>101.4</b> (99.5)	<b>41.5</b> (36.8)	<b>46.5</b> (42.4)
ELECTRICITY NETWORK (km)	DISTRIBUTION VOLUME (GWh)	CUSTOMERS
<b>27,800</b> 230 m/customer	<b>1,879</b> (1,955)	<b>120,892</b>
UNDERGROUND CABLING	SOLAR POWER SYSTEMS (pcs)	
Medium-voltage network <b>21%</b> Low-voltage network <b>47%</b> ..... Total <b>36%</b>	<b>1,045</b> (+32%) systems connected to the electricity network in 2023	

**83,500**  
in a weatherproof electricity network



# District heating and power generation

NET SALES (MEUR)	OPERATING PROFIT (MEUR)	INVESTMENTS (MEUR)	
DISTRICT HEATING <b>93.8</b> (82.9) ..... POWER GENERATION <b>43.5</b> (50.3)	DISTRICT HEATING <b>11.2</b> (7.9) ..... POWER GENERATION <b>10.1</b> (19.0)	DISTRICT HEATING <b>7.2</b> (5.6) ..... POWER GENERATION <b>13.9</b> (8.4)	
DISTRICT HEATING NETWORK (km)	DISTRICT HEATING CUSTOMERS	HEAT ENERGY SALES (GWh)	POWER GENERATION VOLUME (GWh)
<b>627</b>	<b>5,850</b>	<b>1,147</b> (1,136)	<b>569</b> (519)

Previous year's value in brackets

## 1 JANUARY

### Customers supported with flexible payment during unusual winter

Increased electricity costs and generally rising price levels strained the finances of many at the turn of 2023. We actively told our customers about how they could get more flexibility in their payments by making a payment plan, free of charge, before the due date.

## 2 FEBRUARY



### Joensuu power plant supported in investing in heat pump and district heat accumulator

The Ministry of Economic Affairs and Employment granted about EUR 4 million to support an investment in a heat accumulator and a heat pump plant at the Joensuu CHP power plant. The investment will enable the utilisation of waste heat from the power plant in the Joensuu district heating network during winter and the utilisation of the heat from the river Iiksenjoki during summer.

## 3 MARCH

### Swim event returns

On 3 March, we held the traditional Kaukon päivä swim event when swimmers of all ages could come and swim at the swimming halls in our six district heating operating areas free of charge.

### We looked for start-up partners at Ski Lift Pitch in Tahko

We attended the business event Ski Lift Pitch in Tahko. Our goal was to find start-up partners interested in creating data-based services to save energy and optimise energy consumption for customers of energy companies.

## 4 APRIL

### Donations secure professorship in computational engineering at University of Eastern Finland

LähiTapiola Savo, OP Pohjois-Savo, Osuuskunta KPY and Savon Voima donated a total of EUR 60,000 for the establishment of a professorship in computational engineering. The joint donation supports the M.Sc. (Tech.) degree programme to be launched at the University of Eastern Finland.



### Planting brown trout in fish egg boxes in the Kuvansijoki river

A donation to celebrate the 75th anniversary of Savon Voima was made to Saimaan Lohikalajien Ystävät ry. The association plants both fish eggs and salmonids and restores rivers and streams in the Saimaa waterway area so that salmon and trout populations can naturally reproduce in them.

### Recognition for high level occupational safety

At the occupational safety forum Nolla tapaturmaa organised by the Finnish Institute of Occupational Health, Savon Voima received level I recognition for occupational safety. This is the highest possible level.

## 5 MAY

### We expanded to water management – remotely readable water meters and reading service for municipality of Pielavesi

In this project, water meters that use secure mobile data and which can be read remotely will be installed in 2023–2024 for customers of the water supply plant of the municipality of Pielavesi. Savon Voima will also provide the municipality with a meter reading service.

### Voimapiste.fi launched

On 22 May, we launched the Voimapiste.fi website on which residents of the Savon Voima Verkko area can view their energy consumption data in real time. The interface provided by the service allows you to monitor your own energy consumption and find ways to save energy.

## 6 JUNE



### Renovation of edge dams and construction of fishway started at Maavesi hydroelectric power plant

In summer 2023, Savon Voima renovated the edge dams in the canal of the Maavesi hydroelectric power plant in Joroinen. In addition, a natural fishway was built in the Vasaralankoski rapids located near the hydroelectric power plant.

## 7 JULY



### First industrial-scale solar power plant in our network area built in Joroinen

Ilmatar Energy Oy built a power plant for clean energy. The plant is located in the airport area in Joroinen and consists of approximately 8,000 south-facing solar panels and other components.

## 8 AUGUST

### We are already preparing for winter – new storage field for energy wood completed at Joensuu power plant

The new storage field ensures an adequate stock of wood as well as smooth power plant logistics. This also guarantees that there will be enough renewable heat – no matter how cold the winter is.

### Working with Inora on steam energy production in Iisalmi

In the cooperation that began at the beginning of August, Savon Voima will assume responsibility for the production of steam at the insulation and plastic product factory of Inora, using a steam unit owned by Inora.

## 9 SEPTEMBER

### Peak year for solar panels

In the autumn, it was confirmed that solar panels' popularity, which started increasing in 2022, continued to do so in 2023. Since the beginning of the year, more than 800 solar power systems have been connected to our network, more than half of them in May–July. The peak month for solar panel installations was May, when more than 200 systems were connected to Savon Voima Verkko's electricity network.

### New fuel processing and sampling plants introduced at Iisalmi power plant

Extensive investments in fixed fuel processing and sampling carried out at the Parkatti power plant in Iisalmi progressed to the introduction phase.

## 10 OCTOBER

### Electricity used to create cost savings in district heat production in Joensuu

The separate electric boiler of the CHP power plant in Joensuu creates the opportunity to utilise inexpensive market electricity in district heat production.

## 11 NOVEMBER

### Savon Voima supplies PeeÄssä with heating and cooling in Tahko

Savon Voima Oyj and Osuuskauppa PeeÄssä agreed on the heating and cooling of the new part of Break Sokos Hotel Tahko using a combination of heat pump technology and district heat.



### Foundation of biochar plant laid in Joensuu power plant area

A modern energy community is being built in Iiksenvaara. It will include, among other things, a CHP plant of Savon Voima and the largest industrial-scale torrefied biomass production plant in Europe. The production plant is owned by Taaleri and its construction is underway. On 23 November 2023, the progress of the project was celebrated with the laying of the foundation stone.

## 12 DECEMBER



### Juha Räsänen Savon Voima's new CEO

The Board of Directors of Savon Voima Oyj appointed Juha Räsänen M.Sc. (Tech.) as the company's CEO on 1 December 2023. Since 2019, Juha Räsänen has worked as Head of Business Unit for energy production and district heat at Savon Voima.

# Strategy

In our region, we are an important operator in terms of security of energy supply, and we are building a carbon-neutral future for our customers. Our vision is to be a reliable partner and bold developer in energy and water services, as well as a regional provider of a clean future. Our goal is for our production to be carbon neutral by 2030. These goals direct our operations, both on an annual level and in the long term.

We review our strategy annually and update it in line with our rapidly changing operating environment. In 2023, our values, vision and direction remained the same, but we updated our strategy, taking into account the financially challenging operating environment. We created four programmes for 2024–2026 that will help us operate in a changed world:

- **Customer at the heart of everything**
- **Effective operations**
- **Sustainable operations**
- **Profitable growth**

In addition, we will prepare a sustainability programme and a biodiversity map during the year. The sustainability programme is included in our sustainability work and will act as a basis for our reporting. The sustainability programme is also part of our strategy, and will be examined and updated annually with the strategy. Energy production and distribution often have an impact on the environment, and we aim to reduce these impacts that are detrimental to biodiversity. In our biodiversity map, we have summarised the impacts of our operations on biodiversity and our measures to reduce our impact on nature.





# Value creation

## Capital

### Personnel

- 211 energy sector professionals
- 10% of staff are summer employees every year

### Energy sources

biomass, fuel oil, sun, water, wind, waste heat, peat, geothermal heat

### Financial

- Investments within the Group: EUR 68.0 million
- Purchases: Materials and services EUR 84.2 million + Other operating expenses EUR 31.5 million + EUR 115.7 million
- Balance sheet: EUR 1,148.1 million

### Infrastructure

- Power plants and heating plants
- Electricity networks
- District heating network

### Partner network

- Fuel suppliers
- Contractors
- Project partners
- Service providers

### Intangible assets

- A well-known brand
- ISO certifications



## Business and strategy

**A reliable partner and courageous developer of energy and water services. A regional guarantor of a clean tomorrow.**

**Carbon-neutral energy production by 2030.**



## Values



Customer comes first



We are trustworthy



We want to be successful



We learn and develop

## Impacts

### Customers

- Over 120,000 electricity network customers
- 21 district heat networks, approximately 5,900 district heat customers
- 4.24/5 satisfaction with customer service
- 87% of customers felt that they could get their case taken care of in one interaction

### Electricity network

- Average outage time: 1 hour 34 minutes
- Security of electricity supply: 99.98%

### Financial impacts

- Net sales EUR 238.7 million
- Operating profit: EUR 47.7 million
- Income tax: EUR 11.8 million

### Products and services

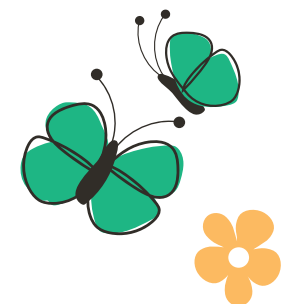
- Electricity distributed: 1,879 GWh
- Power generation: 569 GWh
- District heat produced: 1,147 GWh
- Smart meters changed in one year: almost 20,000
- Other services such as hybrid solutions

### Environmental impacts

- CO<sub>2</sub> emissions 142,660 tCO<sub>2</sub>
- Specific emissions 74 g/kWh
- Renewable energy production
- Share of waste heat in heat production almost 22%
- Contaminated soil 418 tonnes
- Obligatory plantings 176,000 pike-perch, powan and brown trout fry

### Staff and regional impact

- Salaries and rewards EUR 12.7 million
- Dividends to owner municipalities EUR 14 million
- 1,233 days without accidents (as of 31 December 2023)
- People Power index 72.1
- Local training and project cooperation

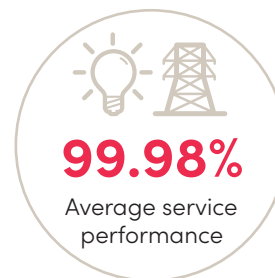


# Electricity network

Savon Voima Verkko is responsible for the distribution of electricity and other network services to over 120,000 households and companies in North Savo and parts of South Savo and Central Finland. Our electricity network is 27,800 km long, about 230 m per customer. In terms of the number of customers, we are the 6th-largest distribution system operator in Finland.

## Key events in 2023

- 1,879 GWh of electricity was distributed in our network (total area consumption and production), which was 3.9% less than in the year before.
- During the year, we built 673 kilometres of a weatherproof electricity network. We invested a total of EUR 46.5 million in the network in our area.
- 273 new customers were connected to the electricity network and 319 connections were deactivated.
- The number of small-scale production sites continued to increase by 32% (mostly solar power) when 1,045 new sites were connected to the network.
- In 2023, we were spared any large-scale major disruptions. Energy-weighted average outage time experienced by our customers was 1 hour 34 minutes. This means an excellent service rate of 99.98% in the hours of the year.
- The most significant ongoing projects in 2023 were the work related to the new Järvinlinja line of the main grid, as well as the Karttula–Pihkainmäki project and the Kinnari project in Varkaus.



Electricity network	2023
Sites – consumption	118,288
Sites – production	4,396
110 kV	518 km
45 kV	142 km
110/20 kV stations	36
45/20 kV stations	4
20 kV network	12,127 km
0.4 kV network	15,306 km
20/0.4 distribution substations	10,790

Distribution volume (MWh)	2023
0.4 kV	1,298,028
20 kV	202,192
110 kV	105,980
Distribution volume to other networks	34,417

Degree of cabling	2023
Medium-voltage network	21%
Low-voltage network	47%
Underground cabling total	36%

Investments (MEUR)	2023
Medium-voltage network	20.4
Low-voltage network	8.0
Transforming stations	6.0
Electric stations	5.8
Distribution network	0.06
Compensation for land use	1.0
Measuring instruments	3.6
Other	1.7
<b>Total</b>	<b>46.5</b>

Key figures, electricity quality	2023	2022
17. Fault outage (h/customer, year)	1.552	1.858
19. Maintenance outage (h/customer, year)	0.636	0.51
<b>Total</b>	<b>2.19</b>	<b>2.37</b>
18. Fault outage (pcs/customer, year)	6.536	8.354
20. Maintenance outage (pcs/customer, year)	0.257	0.24
<b>Total</b>	<b>6.79</b>	<b>8.59</b>
26.a Fault outage (pcs/year)	1,813	2,326
26.b Maintenance outage (pcs/year)	1,057	962
26.c High-speed automatic reclosing (pcs/year)	408	1,010
26.d Delayed automatic reclosing (pcs/year)	2,152	2,186
<b>Total</b>	<b>5,430</b>	<b>6,484</b>

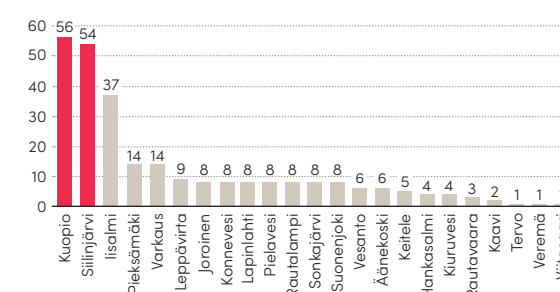
### Key to electricity quality indicators:

17. and 19. = Energy-weighted average outage time (h/customer, year)  
 • 18. and 20. = Energy-weighted average number of outages (pcs/customer, year)  
 • 26. = Numbers of interruptions per year in the medium-voltage network (pcs/year)

## New electricity connections

Residential building **68**  
 Recreational building **66**  
 Other **139**  
 Total **273**

## New electricity connections by municipality





# District heating and power generation

We are one of Finland's largest producers of district heating. We offer heating in 21 district heating networks in 13 municipalities. We have 623 km of a district heat network. In 2023, the share of renewable energy sources in our heat production was 97%. Almost one-fifth of the heat we deliver comes from waste heat and other side streams.

## Key events in 2023

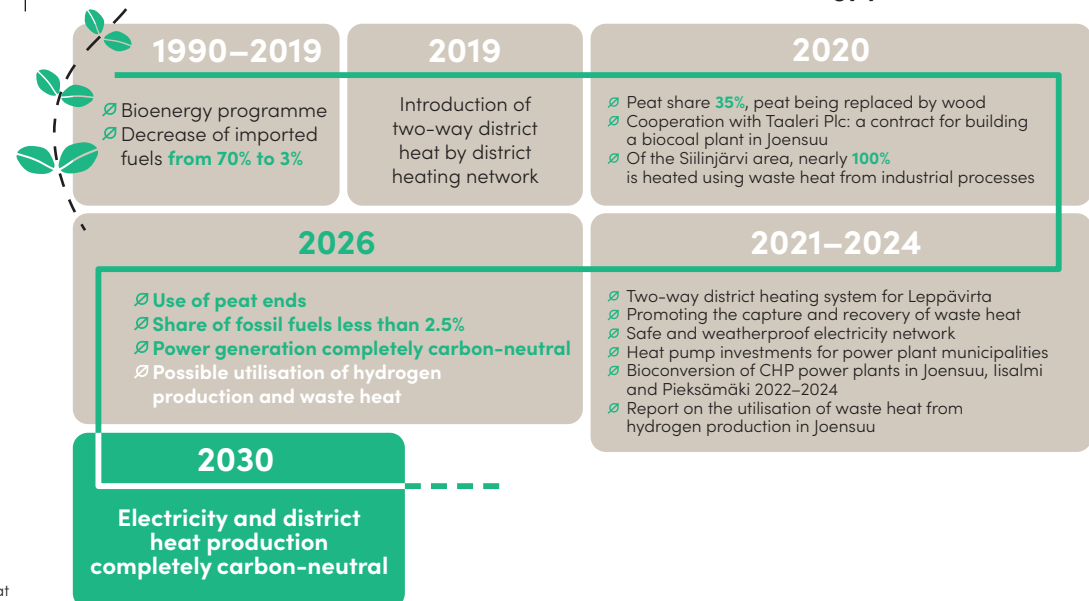
- The beginning of the year was warmer than average but, since the end of the year was colder than normal, our district heat and steam sales were ultimately close to those of an average year. We supplied 1,147 GWh of district heat and steam (1,136 GWh).
- We made an agreement with the Osuuskauppa PeeÄssä concerning the heating and cooling of the new part of Break Sokos Hotel Tahko using a combination of heat pump technology and district heat. In the future, waste heat from cooling will be utilised as district heating for the area.
- We continued to invest in the security of supply of district heat and improved cost-efficiency. New equipment for receiving solid fuel and a sampling robot to improve the quality control of solid fuel were completed at the Iisalmi power plant.
- In Joensuu, a new wood fuel storage and processing field was completed to support the replacement of peat with wood fuel.
- The Ministry of Economic Affairs and Employment granted EUR 4 million to support the construction of a district heat accumulator and heat pump in Joensuu. The construction of the district heat accumulator was already started in 2023.
- An electric boiler was introduced in the production of district heat at the Joensuu power plant.

Our power generation business produces electricity for the electricity market at Savon Voima's 11 hydroelectric power plants and at the Iisalmi, Pieksämäki and Joensuu combined heat and power plants. We are making strong progress towards carbon-neutral production. Our power generation will be completely carbon neutral by 2027.

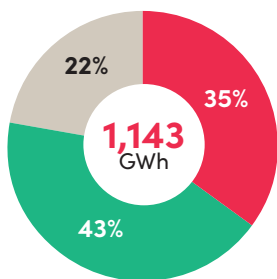
## Key events in 2023

- In 2023, the production volume of electricity amounted to 569 (519) GWh, which is 9.6% higher than in the previous year. The increase in production was due to the increase in the production volume of hydropower and the start-up of Olkiluoto 3 through production shares.
- In 2023, the production volume of hydropower amounted to 117 (84) GWh, which is 38.6% more than in 2022, which was affected by the fact that the year saw heavier rains than the previous year.
- The price of wholesale electricity in Finland in 2023 was 5.65 cents/kWh, which is 63% lower than the peak prices of 2022. The system price in the Nordic countries was 5.64 cents/kWh, 58% lower than in the year before.
- Of the investments in power generation, the most significant were the renovation of the Maavesi hydroelectric power plant and the restoration to a fishway of the canal of the Vasaralankoski rapids, which is located in the vicinity of the Maavesi hydroelectric power plant.

## A vision to reduce carbon dioxide emissions in energy production

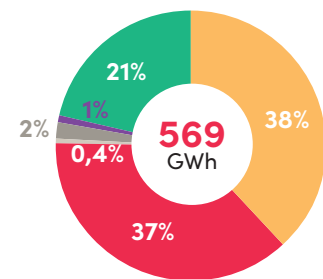


Origin of district heat sold



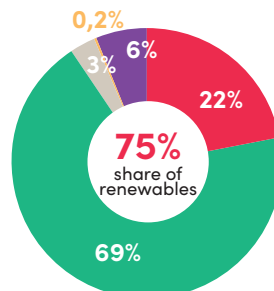
- Separate production of heat
- Combined heat and power generation (CHP)
- Heat recovery and waste heat from industry

Origin of electricity produced  
Own production and production shares



- CHP (own)
- Nuclear power
- Hydropower
- Wind power
- CHP
- Hydropower (own)

Energy sources of our own CHP, heat and steam production



- Peat
- Wood-based fuels
- Heavy and light fuel oil and gas
- Bio-oil and biogas
- Purchase of heat







## Report of the Board of Directors and financial statements for 2023

# Report of the Board of Directors

FINANCIAL YEAR 1 January–31 December 2023

## Savon Voima Group

Savon Voima Oyj is a wholly owned subsidiary of Savon Energiholding Oy, which is owned by 20 municipalities. On 31 December 2023, Savon Voima Group consisted of the parent company Savon Voima Oyj and its subsidiaries Savon Voima Verkko Oy and Itä-Suomen Biomassa Oy (holding of 70%). Associated companies include Kymppivoima Oy (18.5%) and Väre Oy (46.2%).

Savon Voima Group's business operations include the electricity distribution network operations carried out by Savon Voima Verkko Oy in the electricity network owned by the company itself, the production of district heating and electricity, the distribution of district heat and the sale of district heat.

## Consolidated earnings and financial position for 2023

FINANCIAL PERFORMANCE (MEUR)	2023	2022	2021
Net sales	238.7	231.7	228.5
Depreciation and reduction in value	67.5	70.4	65.2
Operating profit	47.7	49.0	48.1
Profit before appropriations and taxes	47.0	50.8	44.8
Profit for the financial year	35.0	37.8	32.0
KEY FIGURES (% of net sales)	2023	2022	2021
Operating profit	20.0	21.2	21.1
Profit before extraordinary items	19.7	21.9	19.6
OTHER KEY FIGURES	2023	2022	2021
Return on equity (%)	7.1	8.1	7.2
Return on investment (%)	4.9	5.0	4.7
Equity ratio (%)	43.9	41.9	38.7
Liquidity, quick ratio	1.0	1.1	1.3
Investments total (MEUR)	68.0	56.6	56.6
Investm. in electricity distribution (MEUR)	46.5	42.4	43.3
Investments in power generation (MEUR)	13.9	8.4	4.4
Investments in district heating (MEUR)	7.2	5.6	8.0
Increase in connection fees (MEUR)	0.7	0.9	1.3

The net sales of Savon Voima Group in 2023 were EUR 238.7 million. The group's net sales in 2022 were EUR 231.7 million, which means that net sales grew by approximately 3% in 2023. The increase in net sales was due to heat sales in district heating being higher in volume than in the previous year and the increase introduced in district heating prices in early 2023. The

increase in district heat prices was, in turn, due to increased energy and fuel costs, which had a significant negative impact on the profitability of the business, and inflation which increased fixed costs. The net sales of district heating were EUR 93.8 (82.9) million, an increase of 13.1% compared to the previous year.

The volume of the group's power generation increased by 9.6% compared to the previous year due to the increased volume of hydropower production as a result of heavy rainfall and the start of production at Olkiluoto 3. However, the net sales of power generation decreased because the electricity market price was significantly lower than in the previous year. In 2023, the net sales in power generation were EUR 43.5 (50.3) million.

The net sales of the electricity distribution network business increased by EUR 1.9 million compared to the previous year, totalling EUR 101.4 (99.5) million. The increase was due to the fact that, in 2022, customers were not invoiced for the basic charges for the network service in December, totalling approximately EUR 3.6 million, reducing the net sales in the year.

The group's operating profit was EUR 47.7 million. Operating profit decreased by 2.8%. In addition to the increased costs, operating profit was affected by the market price of electricity, which was lower than in the previous year. The group's operating expenses excluding personnel expenses were EUR 115.7 (104.0) million, an increase of 11.2% from the previous year. In particular, the sharp rise in fuel and emission allowance prices due to the war in Ukraine increased the costs of energy production and, through that, the costs of the entire group. Finland's decision not to collect grid fees for a total of six months in 2023 reduced the costs of the electricity network business. The group's personnel expenses in 2023 were EUR 14.0 (13.9) million.

The group's depreciation amounted to EUR 67.5 (70.4) million, a decrease of 4.2% from the previous year. The depreciation includes EUR 14.1 million in depreciation of goodwill on consolidation arising from the Joensuu share transaction. The depreciation in 2022 was increased by a one-time depreciation of EUR 3.4 million for the pyrolysis equipment at the Joensuu power plant.

The group's net financing costs were EUR 0.7 (+1.7) million. Profit before appropriations and taxes amounted to EUR 47.0 (50.8) million. The group's taxes were EUR 11.8 (12.8) million. The profit for the financial year was EUR 35.0 million, compared to EUR 37.8 million in 2022.

The group's gross investments in fixed assets totalled EUR 68.0

million. A total of EUR 46.5 million was spent on the construction of the electricity network. EUR 7.2 million was invested in the district heating network and heat production. Investments in power generation amounted to EUR 13.9 million. Other investments amounted to EUR 0.5 million. In addition, investments (of EUR 5.9 million) were made, largely as a self-financed share of the construction costs of the associated company Kymppivoima Oy's onshore wind farm, which is to be built in Lestijärvi and which will be the largest of its kind in Finland.

Connection fees increased by EUR 0.7 million. The increase came from Savon Voima Verkko Oy's connection fees.

Savon Voima Group's interest-bearing debt financing is centralised in the parent company. During the financial year, the group's loans were amortised by EUR 20.0 million. At the end of the financial period, the group's long-term loans amounted to EUR 490 million and short-term loans to EUR 20 million. To ensure liquidity, an overdraft facility has been added to the consolidated account. In addition, the group has a standby credit limit and a commercial paper programme for short-term financing needs. There was no credit limit or standby credit limit on the consolidated account and no commercial paper was issued at the end of the financial year.

At the end of 2023, the group's equity ratio was 43.9%, compared to 41.9% in the previous year. As measured by quick ratio, liquidity was good, 1.0 (1.1). For the purpose of calculating the key figures, connection fees have been treated as an equity-like item.

## Energy markets

The price of wholesale electricity in Finland in 2023 was 5.65 cents/kWh, which is 63% lower than in 2022. The system price in the Nordic countries was 5.64 cents/kWh, 58% lower than in the year before. Despite occasional high prices, the average price for the year remained quite low.

In 2023, Finland's electricity consumption was 80 TWh, which was 2 percent less than the year before and the lowest figure in over 20 years. Consumption in industry amounted to 34 TWh, which was 6% less than in 2022. Other consumption remained at the previous year's level at 46 TWh.

Electricity production increased in Finland by 13% to 78 TWh. Nuclear power production increased by 35% with the start-up of Olkiluoto 3, and wind power production increased by



a quarter from 2022. Production of hydroelectric power increased 13% from the previous year. However, solar power increased the most in relative terms, by 65%. The more traditional thermal power decreased by 23% compared to 2022.

Nuclear power production accounted for 42% of Finland's electricity production. The shares of wind, hydropower and traditional thermal power were 19% each. The share of solar power in production was 1%.

Due to an increase in production and a decrease in consumption, Finland's net imports decreased by 86% from 2022. Net imports in 2023 totalled 2 TWh. 2023 was the first full year when no electricity was imported from Russia. Net exports to Estonia were 7 TWh, so there was no change from the previous year. Net exports to Sweden amounted to 8 TWh, which was 45% less than in 2022. A small amount of electricity was also imported from Norway.

At the beginning of the year, the price of an emission allowance (EUADEC-23) was EUR 85/tCO<sub>2</sub> at the beginning of the year and peaked at EUR 100/tCO<sub>2</sub> in late winter. However, due to the difficult financial situation, the price fell at the end of the year and EUADEC-23 ended the year at EUR 68.88/tCO<sub>2</sub>.

According to the statistics of the energy industry, the total emissions of district heating decreased by 24% from the previous year and the emissions of electricity production decreased by 38%. Carbon dioxide emissions from the production of electricity amounted to 2.5 million tonnes and from the production of district heat to 3.1 million tonnes in 2023. The heating season in Finland was 0.2 °C warmer than normal, but about 0.1 °C colder than the previous year. In 2023, the average temperature in Savon Voima's operating area was 0.5 °C lower than the year before.

## SAVON VOIMA GROUP'S BUSINESS OPERATIONS

### District heating

The net sales of the group's district heating business amounted to EUR 93.8 (82.9) million, 13.1% higher than in 2022. The increase in net sales is explained by the heat sales volume that was higher than in 2022 and the price increase introduced at the beginning of 2023. The operating profit from district heating in 2023 was EUR 11.2 (7.9) million.

The early part of 2023, which was warmer than average, had an impact on heating needs in the entire operating area. The rest of the year was again colder than average and, as a result,

the difference to the budgeted sales volume decreased during the year. The realised group-level heat and steam sales in 2023 amounted to 1,147 GWh (1,136), which is 1% more than in 2022.

A total of 1,626 GWh (1,746) of fuels and purchased heat were used, including fuels for power generation and separate sites such as steam and local heat. A total of 1,342 GWh (1,343) of fuels and purchased heat were used in the production of district heat. The share of renewable heat sources in the production of district heat was 77% (73), the rest of the heat sources being peat, heavy and light fuel oil, and liquefied petroleum gas. The share of heavy and light fuel oil and liquefied petroleum gas in the fuels used in the production of district heat was 2.2% (1.4). The use of heavy fuel oil was completely abandoned in 2023, when the oil quality used by the Joensuu power plant was switched to light fuel oil.

The fuel market was still strongly influenced by the the lack of wood fuels from Russia, the importing of which was discontinued in 2022 due to the war in Ukraine. As a result, the demand for domestic fuels has increased significantly. With regard to forest processed chips and industrial by-products in particular, competition has intensified, which has been reflected in significant increases in the prices of batches of fuel. The difficult financial situation in the forest industry also affected the availability of industrial by-products in 2023. Indeed, the increase in fuel costs was the most significant reason for the increase introduced in district heating prices at the beginning of 2023. The prices of district heating were increased by an average of 10–15% in Savon Voima's district heating networks, depending on the district heating network.

The share of imports has been fully replaced by domestic and local fuels in terms of wood-based fuels and peat. Thus, the only imported fuels used were heavy and light fuel oil and liquefied petroleum gas. The degree of domestic origin in energy sources reached a record high of 97% (93). The increased competition for domestic wood fuels was evident in their availability, and the volume of peat used was a little higher than planned. However, the share of peat in all fuels was reduced from the previous year to 22% (26). Despite intensified competition, fuel supply for district heat production has been secured in all of Savon Voima's district heating network areas, and measures to improve the security of supply in fuels were promoted.

A total of 33 (53) new district heating customer relationships were established during the year. The number of new district heating connections decreased, especially due to the depression in the construction sector. Correspondingly, 8 (16) customers terminated their contract for district heating during the year.

At the end of the year, the total number of customers was 5,850 (5,823). A total of 1,680 (4,144) metres of new district heating network was built, and 4,377 (4,345) metres of old pipelines were renovated. At the end of 2023, the total length of the networks was 627 (623) km.

The most significant new investment completed during 2023 was the new wood and peat fuel reception equipment at the Iisalmi power plant, which will improve the plant's operational reliability as the old equipment has reached the end of its life cycle. In addition, a sampling robot was invested in. The robot will improve the quality control of wood and peat fuel at the Iisalmi power plant.

A new wood fuel storage and processing field was completed in Joensuu to promote the replacement of peat with wood fuel and improve security of supply as the share of domestic wood fuel increases. The Ministry of Economic Affairs and Employment granted financial support for the construction of a district heat accumulator and heat pump in Joensuu (approximately EUR 4 million). The construction of the district heat accumulator was already started in 2023.

In Joensuu, Savon Voima started the construction of a building for Joensuu Biocoal Oy's biochar plant. Biochar production in the Joensuu power plant area is expected to start in 2024. In addition, P2X, in cooperation with Savon Voima, promoted its design for a hydrogen and electric fuel production plant that could be implemented next to the Joensuu power plant.

We extended our services to water management by concluding a contract with the municipality of Pielavesi for the delivery and installation of remotely readable water meters and a reading service for such measurements.

We concluded with Osuuskauppa PeeÄssä an agreement on the heating and cooling of the new part of Break Sokos Hotel Tahko using a combination of heat pump technology and district heat. In the future, waste heat from cooling will be utilised as district heating for the area. We also entered into a five-year agreement extension concerning the steam supply of the Sakupe Oy laundry in Siilinjärvi.

### Power generation

In 2023, the net sales in power generation were EUR 43.5 (50.3) million. The realised operating profit was EUR 10.1 (19.0) million. The operating result of power generation decreased due to the market prices of electricity, which were lower than the previous year.

In 2023, the the volume of electricity generated amounted to 569 (519) GWh, which is 9.6% higher than in the previous year. The volume of our own back pressure production was 212 GWh, which is 20.3% less than in the year before.

During the year, the volume of hydroelectric power amounted to 117 (84) GWh, which is 38.6% more than in 2022. The increased volume of hydropower generation was affected by rainfall, which was heavier than in the previous year.

The production shares owned through Kymppivoima Oy generated 239 GWh of electricity, which is 71 GWh more than in the previous year's comparison period. The increase in volume was due to the start-up of power generation of the Olkiluoto 3.

Of the investments in power generation, the most significant were the renovation of the edge dams of the Maavesi hydroelectric power plant and the renovation to a fishway of the canal of the Vasaralankoski rapids, which is connected to the Maavesi hydroelectric power plant. In addition, extensive revisions were conducted on the turbines of the CHP power plants in Iisalmi and Joensuu during the summer. During the financial year, Savon Voima Oyj made, through Kymppivoima Oy, equity investments totalling EUR 5.8 million in Finland's largest onshore wind farm being built in Lestijärvi.

## Electricity distribution network business

The net sales in the financial year were EUR 101.4 million (EUR 99.5 million in 2022) and operating profit EUR 41.5 (36.8) million. The profit for the financial year was EUR 0.9 (0.0) million.

During 2023, widely fluctuating electricity market prices caused new types of consumption-group- and customer-specific phenomena for electricity distribution. During periods of negative prices, electricity consumption rose locally, blowing fuses. On the other hand, the high price level during periods of extremely low subzero temperatures reduced consumption and the threat of shortages of electricity. Savon Voima Verkkö continued its active energy saving campaign launched in 2022 for customers.

Electricity distribution in our network amounted to 1,879 GWh (total area consumption and production), which was 3.9% less than the previous year. The total network losses were 76 GWh. The procurement costs of energy lost were lower than forecast due to the electricity market price, which was lower than anticipated.

The transmission system operator's announcement of a fixed-

term discount on its own service fees for individual months eliminated the pressure for change for Savon Voima Verkkö, in terms of increased costs and a high level of investment. In the world of network service charges for high-voltage products, the introduction of a power product was prepared and the time distribution of energy charges was harmonised.

At the end of the year, the number of network service customers was 120,892 and the total number of electricity connections was 87,135. 273 new customers were connected to the electricity network, and 319 connections were deactivated. The number of small-scale production sites continued to increase by as much as 32% (mostly solar power) as 1,045 new sites were connected to the electricity network.

The average energy-weighted fault outage time experienced by the customer was 1 hour 34 minutes. This represents a service rate of 99.98% of the hours of the year. In 2023, we were spared any large-scale major disruptions. Of the year's storms, Otso and Varpu caused the most simultaneous power outages. In other respects, the year was filled with normal gusts and thunderstorms. Overall, the year was calm with regard to electricity distribution failures.

In 2023, construction in accordance with the weatherproof investment programme proceeded as planned. The weatherproof network currently covers approximately 83,500 customers. A total of 673 kilometres of a weatherproof network were built and EUR 46.5 million was spent on investments. Savon Voima Verkkö's distribution network is approximately 28,000 km long, which is about 230 m per customer. 210 km of the medium-voltage network and 295 km of the low-voltage network were cabled. Another part of building a weatherproof network is moving overhead medium-voltage lines to roadsides. This was carried out for 165 km. The rate of underground cabling for the whole electricity network is 36%, for the medium voltage grid 21% and for the low voltage grid 47%.

The majority of investments in the electricity distribution network were concentrated around urban areas and substations. The most significant instances of urban area renovations started last year were the Sukeva detailed plan and the cabling in the surrounding area. 73 km of a new underground cable network and 34 km of an overhead system were built. The total investment in the project was approximately EUR 4.9 million, and the new network has been deployed in full in 2024. The transmission system operator Fingrid started to build a new 400-kV line called Järvinjälkä, as a result of which we renewed and transferred the existing distribution network in nine different municipalities. The total cost of the project

was EUR 4.6 million. In Valkeiskylä in Vieremä, parts of a dilapidated overhead line was dismantled and collected from forests and fields. 66 km of a new underground cable network were built, and the total investment was about EUR 3.5 million. Cable network projects in the Karttula–Pihkainmäki and Varkaus–Kinnari areas were put into service. The total investment in these work sites is EUR 7.9 million, EUR 2.9 million of which was invested in 2023.

With regard to the high-voltage distribution network, the replacement of a 110-kV line between Siilinjärvi and Eusniemi was completed. With regard to substations, the new Sukeva substation, the extensive renovation of the Pielavesi substation and the 110-kV field extension of the Kiuruvesi substation were completed.

The Energy Authority monitors the pricing of network companies as a whole in four-year periods. During 2023, the Energy Authority changed and confirmed the methods based on which this monitoring is carried out. The methods are valid for the next two control periods, i.e. a total of eight years, for electricity distribution companies. The process and operating model of the method change was not successful and Savon Voima Verkkö is involved in a joint appeal to the Market Court. A preliminary impact assessment of the changes was carried out several times for the different change stages of the model. The final impact assessment remains to be carried out in its entirety in the next year.

## RESULT OF THE PARENT COMPANY AND SUBSIDIARIES

Savon Voima Oyj runs the group's power generation and district heating business in North Savo and parts of South Savo. In addition, the company has been responsible for the group's financial management, personnel services, communications, marketing, ICT operations, invoice lifecycle services and customer services as well as environmental and land use services during the financial year. In the financial year 2023, the net sales of the company were EUR 143.6 (80.7) million and operating profit EUR 0.6 (12.3) million. The profit for the financial year was EUR 17.2 (31.8) million. The financial years are not fully comparable, because Savon Voima Joensuu Oy merged with the parent company on 31 December 2022. In the financial year 2022, the net sales of Savon Voima Joensuu Oy's were EUR 58.8 million and operating profit EUR 14.9 million.

Savon Voima Verkkö Oy runs electricity distribution network operations in an electricity network owned by the company itself and is a distribution system operator as referred to in the



Electricity Market Act in its own area of responsibility. In the financial year, the net sales of the company were EUR 101.4 (99.5) million and operating profit EUR 41.5 (36.8) million.

Itä-Suomen Biomassa Oy procures fuels for its owner companies Savon Voima Oyj and Joensuu Biocoal Oy. The company's actual operations began in 2022. During the financial years 2023 and 2022, the company acquired fuels for Savon Voima only, as Joensuu Biocoal Oy had no business operations before 2024. In the financial year, the net sales of the company were EUR 44.1 (15.1) million and operating profit EUR 0.0 (0.0) million.

<b>NET SALES BY COMPANY</b> (MEUR)	<b>2023</b>	<b>2022</b>	<b>2021</b>
Savon Voima Oyj	143.6	80.7	73.7
Savon Voima Joensuu Oy	–	58.8	52.9
Savon Voima Verkko Oy	101.4	99.5	109.1
Itä-Suomen Biomassa Oy	44.1	15.1	–
Group's internal transactions	-50.3	-22.3	-7.2
<b>Savon Voima Group in total</b>	<b>238.7</b>	<b>231.7</b>	<b>228.5</b>

<b>OPERATING PROFIT BY COMPANY</b> (MEUR)	<b>2023</b>	<b>2022</b>	<b>2021</b>
Savon Voima Oyj	0.6	12.3	10.3
Savon Voima Joensuu Oy	–	14.9	16.4
Savon Voima Verkko Oy	41.5	36.8	45.0
Itä-Suomen Biomassa Oy	0.0	0.0	–
Consolidated entries and eliminations	5.6	-15.0	-23.6
<b>Savon Voima Group in total</b>	<b>47.7</b>	<b>49.0</b>	<b>48.1</b>

#### **FINANCIAL STATEMENTS, parent company**

<b>Financial performance</b> (MEUR)	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net sales	143.6	80.7	73.7
Planned depreciation	41.0	11.6	11.6
Operating profit	0.6	12.3	10.3
Profit before appropriations	0.8	15.6	17.5
<b>Profit for the financial year</b>	<b>17.2</b>	<b>31.8</b>	<b>53.2</b>

<b>Key figures</b> (% of net sales)	<b>2023</b>	<b>2022</b>	<b>2021</b>
Operating profit	0.4	15.2	14.0
Profit before appropriations	0.5	19.3	23.7
Equity ratio	28.9	23.5	20.6
Return on equity	7.6	15.2	36.3

## **Personnel**

The Savon Voima Group has a personnel strategy, the implementation of which is regularly reported to the Board of Directors of the parent company, which monitors the implementation and development of the plan.

During the year, the average number of employees was 214 (209) and at the end of the year the number of employees was 211 (205). During the year, 16 (25) new permanent employees were recruited. 7 (14) permanent employees and 5 (10) retired persons left the service. At the end of the year, the average age of the permanent employees was 44.6 (44) years and 23% (23) of the employees were women. At the end of the year, the average length of service was 14 (13.4) years.

A personnel survey was carried out in April/May and the results were discussed in teams at various development events. Based on the personnel survey carried out in the spring, we received an index result of 72.1 and were awarded the Suomen innostavimmat työpaikat recognition for being one of the most inspiring workplaces in Finland.

The group's overall rate of sickness-related absences was 2.0 (2.6)% and the share of those with no absences was 37.6 (26.4)%. The latter refers to persons who did not have any sickness-related absences during the review period. The average number of working days lost due to incapacity for work was 4.7 (6.4). There were no accidents that caused at least one day of incapacity for work during the year (in 2022: 0 pcs). The average retirement age was 64.1 (63.8) years. At the end of the year, the number of days without an accident was a record-breaking 1,233 days.

Regular safety sessions were held for the entire staff, and various safety themes were presented on a monthly basis. Savon Voima's leadership guidebook for supervisors was published.

Over the course of the year, we employed 21 summer workers and trainees, five thesis workers, and one worker through practical professional orientation. Cooperation with educational institutions was intensified through visits and company presentations at various events.

<b>Personnel key figures, Group</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Average personnel	214	209	207
Pers. at the end of the financial year	211	205	206
Salaries paid (EUR thousand)	12,678	12,958	12,492
Total personnel expenses (EUR thousand)	13,978	13,892	13,396
<b>Personnel key figures, Parent company</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Average personnel	178	127	129
Pers. at the end of the financial year	176	127	128
Salaries paid (EUR thousand)	10,447	7,811	7,634
Total personnel expenses (EUR thousand)	12,144	9,065	8,863

## **Risk management**

Risk management is implemented in the Savon Voima Group as part of normal management work and strategic planning. The group's general risk management objectives and principles have been defined. The objective of the group's risk management is to support the achievement of the goals of the business strategy and to prevent undesirable operational deviations. During 2023, the group carried out an extensive risk assessment to update its situation picture.

The political environment and legislation have a significant impact on the conditions for operation in the energy sector. Possible increased regulation, the position of fuels used, the development of emission control mechanisms and the market environment and various tax solutions are factors that can have a detrimental effect on the financial position and profitability of the Savon Voima Group.

The group has plans for significant investments in the coming financial years, especially in relation to the electricity distribution network and reaching the carbon neutrality target. For this reason, the availability of financing and the changes in interest rates are sources of uncertainty for the business. The risks of long-term investments are also increased by the fact that the population development in the group's operating area has been mainly negative, with the exception of individual local variations.

The key financial risks for Savon Voima Group are caused by fluctuations in market prices and volumes as well as potential challenges for counterparties to meet their obligations. Price risks are mainly related to wholesale electricity prices, emission allowance prices and fuel prices.

The price development in the electricity market mainly affects the group's production business. Factors having an impact on the price of electricity in the Nordic market in the short term include the water supply situation, the fluctuation in wind power, temperature, the prices of emission allowances, the price of fuels and the export and import situation between countries. The volume risk is caused by, among other things, fluctuations in the production of electricity and heat and fluctuations in the demand in retail sale. The counterparty risk consists of contracts with third parties.

Savon Voima hedges against the price risks of electricity by concluding electricity derivative contracts for production and loss electricity. For hedging operations, the group has a risk management policy for energy trade approved by the Board of Directors of the parent company, the implementation of which is monitored systematically.

The energy trade risk management policy is prepared by the group's internal energy trade risk management committee (RMC) and approved by the group's Board of Directors on the proposal of the CEO of Savon Voima. Businesses involved in energy trade implement a risk management policy on a daily basis. RMC, the group's Management Team and the CEO are responsible for the continuous supervision of the implementation. The risk management situation in energy trade, risk positions and their estimated development are reported to the Board of Directors of Savon Voima Oyj on a monthly basis.

Savon Voima Group's interest-bearing debt financing is centralised in the parent company. With the acquisition of the Joensuu district heating business carried out in 2020, the group's balance sheet structure changed and the amount of interest-bearing debt increased significantly. As a result, the group's financial and interest rate risks have increased significantly. The availability of financing and the changes in interest rates are sources of uncertainty for the business. For the management of financial risks, the group has a financial policy and financial strategy approved by the Board of Directors of the parent company, the implementation of which is systematically monitored as part of the regular monthly reporting.

In accordance with the financial policy, the long-term objective is to manage the risks related to access to finance and the possible re-financing of maturing financial instruments by arranging the group's financing in a multi-channel manner using financial instruments of different types and maturities.

As the group's interest-bearing liabilities are mainly floating-rate loans, any increase in market interest rates may have a

## Key identifiable areas by risk category are the following:

<b>STRATEGIC RISKS</b>	
<b>Risk</b>	<b>Management</b>
Changes in regulation	Monitoring of development through cooperation between Finnish Energy and authorities; analysis of changes, impact assessment and consideration in strategic planning
Energy and environmental risks	Participation in technology projects and representation of interests, monitoring and analysis of the development of the energy market
Functionality of the energy commodity and emission allowance market	Active influencing and preparing for market disturbances
Significant investments	Planning, monitoring and ex post evaluation of investments
Risks related to the reputation of the industry and the company	Proactive and active communication, communication with stakeholders and customers and observation of the general opinion
Risks for regional economy, negative demographic change	Monitoring of development and use of research data in planning
<b>OPERATIONAL RISKS</b>	
<b>Risk</b>	<b>Management</b>
Operational errors	Operating instructions, process descriptions and operating system, risk management information system
Risks in using power plants and the network	Risk manual, operating systems and risk management information system
Information technology and information security risks	Information management strategy and architecture, information security policy, guidelines and control, risk management information system, cyber insurance
<b>FINANCING AND MARKET RISKS</b>	
<b>Risk</b>	<b>Management</b>
Interest rate, liquidity and financial market risks	Financial policy, investment policy, financial strategy, active monitoring and analysis of financial markets, systematic control and reporting
Counterparty risks	Financial policy, investment policy, credit control included in energy trade risk management policy
Mankala responsibilities	Corporate governance, participation in the management of Kymppivoima Oy and supervision by Kymppivoima Oy
Energy trade risks	Risk management policy and control in energy trade
<b>RISKS OF ACCIDENT</b>	
<b>Risk</b>	<b>Management</b>
Personal Injury	Occupational health and safety policy, personal insurance, EHS guidelines and minimum requirements, other guidelines, training, preventive action
Extensive storm damage	Blackout guidelines, preparedness and communication plans, preventive action
Power plant or other damage	Property and business interruption insurance, contingency and communication plans, risk management information system, preventive action
Environmental damage	Environmental policy, risk management information system, protection guidelines, contingency and communication plans, operating systems, insurance, preventive action

significant impact on the group's profit development. In accordance with the group's financial policy, Savon Voima hedges against changes in market interest rates with interest derivatives that are only used for hedging purposes. A significant part of the group's debt financing is hedged by interest rate swaps.

Due to the inherent seasonal fluctuation of the group's business operations, the timing of cash flow income and expenses is not even for each month and financial year. This gives rise to liquidity risk associated with the business. In addition, as the group's amount of debt has increased, the liquidity risk has increased in the long term as a result of the increase in loan repayments and interest payments. In addition to the financial policy and investment policy confirmed by the Board of Directors of the parent company and the cash flow forecasts, liquidity risk is managed by maintaining sufficient overdraft and revolving credit facilities and a commercial paper programme at the group's disposal.

Savon Voima Oyj has a share of 18.5% in Kymppivoima Oy, a company operating on the Mankala principle. In accordance with the Mankala principle, the owner company is entitled to the electricity generated by the Mankala company in proportion to its ownership of each series of shares. The owner company is responsible, in proportion to its ownership of each series of shares, for the Mankala company's power generation costs, which consist of variable costs, fixed costs, depreciations and financing costs. These financing costs are also affected by interest rate derivative contracts entered into by Kymppivoima Oy. Risks related to the Mankala liabilities are managed through corporate governance and active participation in the management of the Kymppivoima Group.

Operational risks refer to potential losses due to the malfunctioning of internal processes or systems, external factors or human errors. Operational risks are managed in accordance with the specified principles of risk management, such as risk management operating and information systems, process descriptions, operating instructions, regular observation and monitoring rounds, personnel training and preventive maintenance and condition monitoring of equipment and networks.

Due to the nature of the business, IT and information security risks are also a significant risk area. The group has an information security policy approved by the Board of Directors of the parent company, the implementation of which is systematically monitored as part of the regular reporting to the Management Team and the Board of Directors. In 2022, Savon Voima's information security management system was granted the ISO/IEC 27001:2013 information security certificate, which verifies that Savon Voima's information security management system com-

plies with the good practices applicable to it and the requirements set by laws and regulations. In addition, the certificate is a sign of commitment to the continuous development of the system and that Savon Voima systematically identifies, assesses and manages information security risks, such as cyber threats.

In 2022, Savon Voima's environmental management system was granted the ISO 14001:2015 environment certificate, which verifies that Savon Voima's operations meet the requirements set by the standard and that the company is committed to continuous improvement in environmental management. With the help of the certified management model, Savon Voima identifies the environmental impacts of its operations and sets goals and objectives to minimise the environmental impacts. The certificate covers the district heating and power generation operations of both Savon Voima and Savon Voima Verkko, including districting heating and power generation plants, substations and district heating networks.

The risks of damage with the most significant economic impact relate to physical damage to production facilities, damage to the distribution network and system failures. These can also result in the operations being interrupted and third parties becoming accountable. The aim is to prevent damage through high-quality operations, which are ensured by, for example, operating instructions, personnel training and preventive risk management measures. In addition, damage risks are prepared for by means of appropriate property, business interruption, liability and personal insurance, if it is reasonable and appropriate in terms of costs, taking into account the impact of the risks.

## Environmental matters and responsibility

The implementation of the Savon Voima Group's environmental policy is regularly reported to the Board of Directors of the parent company, which monitors the implementation and development of the policy. The Board of Directors is not aware of any environmental risks affecting the financial position of the company that would differ from the risks generally associated with the nature of the industry or with government decisions and future legislation.

In 2023, the development of an environmental management system pursuant to ISO14001 continued, and we carried out investments striving for carbon neutrality. We also continued other smaller measures to implement our roadmap to carbon neutrality. No significant environmental damage occurred. In 2023, a total of 22 transformer oil accidents occurred, half of which were caused by thunderstorms or strong winds. One major cleaning operation occurred as a result of vandalism at a substation.

For more information on environmental measures, see our Sustainability Report.

Savon Voima contributed to a donation professorship in computational engineering at the University of Eastern Finland. As part of the joint donation made possible by other local companies, the studies of Master of Science in Technology to be started at the University of Eastern Finland will be supported. The funding ensures the realisation of the professorship for the next five years.

## Emission allowances and trading

Savon Voima Oyj's emission trading covers district heating and power generation in Iisalmi, Pieksämäki and Joensuu.

The realised emissions in Iisalmi, Pieksämäki and Joensuu in 2023 were 112,716 tonnes of carbon dioxide before verification (verified in 2022: 151,694 tCO<sub>2</sub>). Savon Voima Oyj received a total of 36,089 EUA of free emission allowances for the 2023 surrenders. To cover the deficit, the purchase of emission allowances resulted in costs of over EUR 6.2 million.

The hydroelectric power plants of Savon Voima Oyj and the power plants of Iisalmi, Pieksämäki and Joensuu are covered by the Guarantee of Origin system for electricity produced from renewable energy sources. The Guarantee of Origin (GoO) system is based on the EU's Renewable Energy Directive. The guarantee of origin is a certificate of the origin of electricity generated from renewable energy sources. The origin of electricity must be verified if it is sold as renewable. Nationally, the certification of the origin of electricity is based on the Act on Verification and Notification of Origin of Electricity. Guarantees of origin were issued for a total of 267.3 GWh directly for the power generation of the company's own hydroelectric and CHP power plants.

## Research and development

Savon Voima Group companies are involved in the following research and development projects:

- The project Pohjois-Savon Energiaklusteri aims to establish and expand the operations of Pohjois-Savon Energiaklusteri ("Energy cluster of North Savo"). The project is organised by Navitas, Savonia and Sakky. The project also involves a wide range of energy sector companies from the North Savo region. The companies are included in Energiaklusteri. The operations of Energiaklusteri invest in open innovation groups, RDI activities, networking and raising the level of competence in the member companies.



- The FarmGas-PS2 project, which aims to promote the use of biogas in North Savo. The development project is led by the Natural Resources Institute Finland (Luke), and Savonia University of Applied Sciences is involved in the implementation. The project lasted from 1 June 2021 to 31 August 2023.

- The joint BIOSCOPE project of the University of Eastern Finland, the European Forest Institute and the Natural Resources Institute Finland, the aim of which is to grow the regional economy of North Karelia by bringing together companies, researchers and international students in a new way.

- Interreg Europe EXPRESS 2023–2027 is a project in which European regions promote self-sufficiency in renewable energy in 2023–2027. Savon Voima is involved in the North Karelia working group of the project. Interreg Europe is an inter-regional cooperation programme co-financed by the European Union.

- TuoreHake – Savon Voima is included in the steering group of the project. The aim of the project is to produce, on the basis of research and practical piloting, an assessment of the potential of a fresh chips chain to improve the energy- and resource-efficiency of wood energy production: more energy from harvested biomass.

- The more efficient use of living resources as energy storage and an enabler of green transition (BitKein) is a project by VTT and the University of Jyväskylä that studies solutions for regulating the electricity system and storing energy. The solutions studied include adding electricity-based heat production to an existing combustion plant.

- A project investigating the utilisation of demand response solutions in the development of network operations together with Tampere University was completed. The project created an overall picture of the various flexibility measures that support the cost-effective development of the distribution network. In addition, the effects of the measures were analysed from the perspective of the current supervisory model, the supervisory model being developed, legislative framework and industry recommendations.

- A project investigating diversity in management areas was completed. It explored the location of management areas as well as the current state of diversity in the management areas, and sought to identify concrete cost-effective development measures to increase diversity.

- Finnish Energy's Electricity Research Pool, which organises and promotes research related to the technology and business development of electricity power engineering, electricity distribution and service production in Finland.

- In autumn 2023, LUT University launched a project on the effects that electricity price volatility has on the electricity distribution system and on flexibility in demand for electricity. The project provides valuable information on changes in customers' consumption in relation to changes in energy prices. The information concerning flexibility in the consumption of electricity will be utilised in the development of the electricity network and network service products. The project will be completed in 2024.

- A two-year research project carried out by X-AMK investigating the protection provided by the latest impregnating agent against the decay of wooden poles. In the project, the strength of the poles is tested by mechanical bending tests in accordance with the relevant standard. The project will produce information for the development of pole work safety and network asset management. The project will be completed in 2025.

### Changes in the ownership and management of the company

There were no changes in the ownership of Savon Voima Oyj during the financial year.

The composition of the Board of Directors changed at the Annual General Meeting held on 6 April 2023. Kauppaneuvos (Finnish honorary title) Tarja Tikkanen and Vesa Lötjönen M.A. left the company's Board of Directors. Tiina-Liisa Liukkonen M.Sc. (Econ.), eMBA and entrepreneur Jukka Laakkonen B. Eng. were elected as new members of the Board.

Savon Voima Group's CEO Arto Sutinen informed Savon Voima's Board of Directors of his resignation in August and left his position at the end of November. The Board of Directors appointed Juha Räsänen, M.Sc. (Tech.), as CEO of the group as of 1 December 2023.

### General meetings

The Annual General Meeting of Savon Voima Oyj was held on 6 April 2023. The financial statements were approved, the Board of Directors and the CEO were discharged from liability, and a dividend of EUR 14,015,541.50 was resolved to be paid. Ernst & Young Oy was selected as the auditor, with Elina Laitinen, Authorised Public Accountant, as the principal auditor.

### Significant changes in the group structure during the financial year

There were no changes in the group structure during the financial year.

### Associated company loans and liabilities

Savon Voima Oyj has granted loans to companies belonging to the group. The total amount of the loans is EUR 12.3 million. The loans are repaid as agreed and interest is paid once a year. The interest rate for the loans is determined according to the weighted average cost of capital (WACC) determined for each year by the Energy Authority. In 2023, the interest rate was 6.08%. No premium or margin is added to or deducted from the interest rate. The loans are unsecured.

Savon Voima Oyj has granted directly liable guarantees on the behalf of group companies. The total amount of the guarantees is EUR 0.9 million. The guarantees are subject to an annual commission of 0.25% on the amount of the guarantee used at that time. The longest guarantee in force is valid until 31 December 2025.

Savon Voima Oyj has granted directly liable guarantees in favour of the associated company Väre Oy. The total amount of the guarantees at the end of the financial year was EUR 7.1 million. The guarantees are subject to an annual commission on the amount of the guarantee used at that time.

Savon Voima Oyj has a 18.5% holding in Kymppivoima Oy, which operates on the Mankala principle. In accordance with the Mankala principle, Savon Voima Oyj is entitled to electricity generated by Kymppivoima Oy in proportion to its ownership of each series of shares. Savon Voima Oyj is responsible, in proportion to its ownership of each series of shares, for Kymppivoima Oy's electricity purchase costs, which consist of variable costs, fixed costs, depreciations and financing costs. The financing costs are also affected by interest rate derivative contracts entered into by Kymppivoima Oy. Savon Voima Oyj's share of Kymppivoima Oy's loans calculated in proportion to its ownership of each series of shares is EUR 32.5 million: EUR 22.9 million for hedges on loans and EUR 3.3 million for the market value of the hedges.

### Share capital and shares

Savon Voima Oyj's share capital is EUR 968,577.12, which is divided into 576,534 shares.

The company's shares are divided into Series A and B as follows:

- There are 576,534 shares in Series A.
- Series B shares have not been issued so far.

When the company's assets are distributed, Series A shares provide a right to the part of the assets to be distributed that has been accumulated from activities other than water management services. Series B shares provide a right to the part of the assets to be distributed that has been accumulated from water management services.

Shares are not encumbered by consent or redemption clauses.

## Administration and management

### 1 January–6 April 2023

**Chairperson:** Juha Koukka, CEO, M.Sc. (Econ.)

**Deputy Chairperson:** Vesa Lötjönen, Municipal Manager, MA

- Jari Kääriäinen, Lawyer, LL.M.
- Ossi Martikainen, Account Manager, M.Soc.Sc.
- Tarja Tikkanen, Professional Board Member, LL.M.

### As of 6 April 2023

**Chairperson:** Juha Koukka, CEO, M.Sc. (Econ.)

**Deputy Chairperson:** Jari Kääriäinen, Lawyer, LL.M.

- Ossi Martikainen, Account Manager, M.Soc.Sc.
- CFO, Tiina-Liisa Liukkonen M.Sc. (Econ.), eMBA
- Entrepreneur, Jukka Laakkonen B. Eng.

### AUDITOR:

Ernst & Young Oy, Authorised Public Accountant Firm, Elina Laitinen, Authorised Public Accountant, as the principal auditor

**CEO:** Juha Räsänen M.Sc. (Tech.)

### MANAGEMENT TEAM:

- Juha Räsänen, CEO, Chair
- Lauri Siltanen, electricity network
- Kari Anttonen, power generation and district heating (interim)
- Toni Väinikainen, finance, funding and risk management
- Minna Vierimaa, personnel, communications and service centre
- Tuomas Räsänen, ICT and digitalisation

Kirsi Tarvainen serves as the Secretary of the Management Team.

## Significant events after the financial year

As of the beginning of 2024, the prices of district heating were increased by an average of 6.0%, as the profitability of business operations deteriorated significantly as a result of higher prices for fuels and emission allowances and the increase in fixed costs caused by general inflation.

Savon Voima Oyj's holding in Väre Oy decreased to 37.8% as of 2 January 2024, when Kymenlaakson Sähkö Oy became a major shareholder in Väre in an arrangement in which the consumer and small business customers of Kymenlaakson Sähkö were transferred to Väre. Before this arrangement, Savon Voima's holding in Väre was 46.2%.

## Business development in the financial year 2024

All of the group's businesses are heavily dependent on energy demand fluctuations, which are primarily influenced by winter season temperatures. In addition, the production business depends on the market price for wholesale electricity, which is influenced not only by demand but also by the price development of fuels and emission allowances, and especially by the water and snow situation in Norway and Sweden. Price formation in the Nordic market area is also affected by the opening of new transmission links in the rest of Europe. The predictability of wholesale electricity prices has been further hampered by the strongly increased production of renewable energy, the volume of which is itself dependent on weather factors, and by the uncertainties associated with the volume of imported electricity. In general, the volatility of energy prices is expected to continue as the share of production subject to changes in weather conditions increases and the concerns related to the security of supply in energy remain.

In addition to weather conditions, such as storms causing major disruptions, the result of electricity distribution network business is affected by changes in regulation. The change in the methods for controlling the reasonableness of pricing made by the Energy Authority at the end of 2023 impacts the long-term profitability of future investments in the electricity network in terms of changes in the determination of network value. However, the impact that the changes in control methods will have on the company's net sales and profitability is estimated to be moderate in the short and medium term. Still, this change in methods may have a detrimental effect on the availability or terms of financing of the entire electricity sector. The final impact assessment can be carried out in the first half of 2024.

In general, the economic outlook is characterised by exceptional uncertainty. The Finnish economy has entered recession due to wide spread weak economic growth. However, inflation has started to slow, which is expected to strengthen the purchasing power of households. In addition, the financial market expects to see a downturn in interest rates.

During 2023, new international conflicts, such as the war in Gaza, emerged. Globally, numerous escalated conflicts have exacerbated geopolitical uncertainty on a large scale. Increased uncertainty, as well as fear of further escalation of conflicts, may affect the prices of electricity and other commodities and price volatility, especially in situations where there are disturbances at the supply sources of electricity or gas.

Due to the above-mentioned factors, the fluctuation in the group's results between financial years is expected to increase in the future.

The Savon Voima Group's operating profit excluding non-recurring items for 2024 is expected to be at a lower level than in 2023. However, the estimate contains significant uncertainties.

## Use of the profits

The distributable funds of Savon Voima Oyj on 31 December 2023 were as follows:

Retained earnings	134,056,433.33
Profit for the financial year	17,200,689.16
	151,257,122.49

The financial situation of the company has not changed significantly since the end of the financial year, and the solvency test referred to in Chapter 13, Section 2 of the Limited Liability Companies Act does not affect the amount of distributable funds. The Board of Directors proposes that a dividend of EUR 24.31 per share, or 576,534 x EUR 24.31, be distributed to Series A shares.

Total	14,015,541.50
To be held as retained earnings	137,241,580.99
	151,257,122.49

# Board of Directors and Management Team



**JUHA KOUKKA** (b. 1968)  
*Chairperson of the Board of Directors, CEO, M.Sc. (Econ.)*

2016– Savon Voima Oyj, Chairperson of the Board of Directors  
2016– Savon Energiaholding Oy, Member of the Board of Directors  
2016– Savon Voima Oyj, Member of the Board of Directors



**JARI KÄÄRIÄINEN** (b. 1967)  
*Vice Chair of the Board of Directors, LL.B., LL.M., Lawyer Asianajotoimisto Kääriäinen Oy*

2020– Savon Voima Oyj, Member of the Board of Directors



**JUKKA LAKKONEN** (b. 1976)  
*Member of the Board of Directors, Bachelor of Engineering, Entrepreneur JLC Oy, Hydroline Oy Partner, J5L Oy Partner*

2023– Savon Voima Oyj, Member of the Board of Directors



**TIINA-LIISA LIUKKONEN** (b. 1978)  
*Member of the Board of Directors, M.Sc. (Econ.), eMBA, CFO at Olvi Oy*

2023– Savon Voima Oyj, Member of the Board of Directors



**OSSI MARTIKAINEN** (b. 1970)  
*Member of the Board of Directors, Account Manager Regional Council of Pohjois-Savo, M.Soc.Sc.*

2012– Savon Voima Oyj, Member of the Board of Directors  
2010– Savon Energiaholding Oy, Chairperson of the Board of Directors  
2008– 2010 Savon Energiaholding Oy, Member of the Board of Directors



**JUHA RÄSÄNEN**  
*President and CEO*



**LAURI SILTANEN**  
*Head of Business Unit, electricity network, Savon Voima Verkko Oy*



**KARI ANTTONEN**  
*Head of Business Unit, power generation and district heating*



**TUOMAS RÄSÄNEN**  
*ICT and Digitalisation Director*

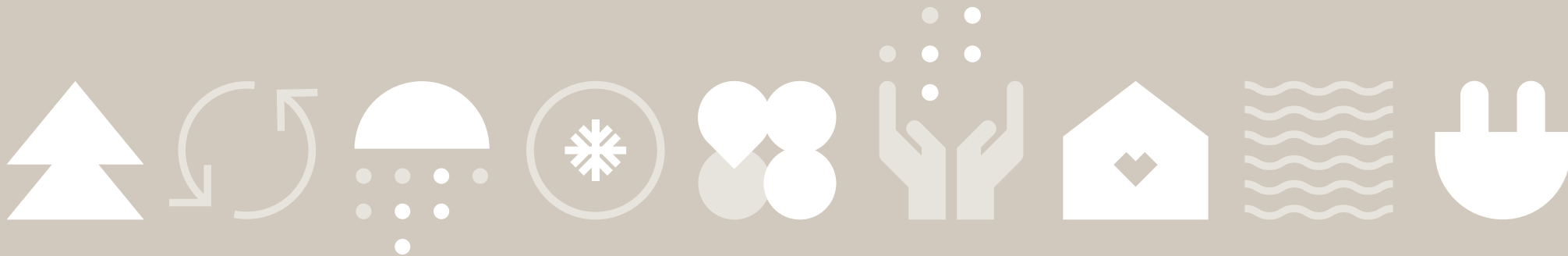


**TONI VAINIKAINEN**  
*Finance director*



**MINNA VIERIMAA**  
*Director, HR, marketing and communications, service centre*





**Financial statements of Savon Voima Oyj  
for the financial year 1 January–31 December 2023**

## Consolidated balance sheet 31 December 2023

EUR thousand <b>ASSETS</b>	<b>31 December 2023</b>		<b>31 December 2022</b>	
<b>FIXED ASSETS</b>				
Intangible assets				
Intangible rights	1,795		1,270	
Goodwill	366,928		381,040	
Other capitalised long-term expenses	8,236	376,959	8,966	391,275
<b>Tangible assets</b>				
Land and water areas	2,599		2,593	
Buildings and constructions	29,621		31,457	
Electricity network	380,414		363,095	
Heat distribution network	51,469		52,614	
Machinery and equipment	115,392		119,062	
Data network	1,640		1,468	
Other tangible assets	6,087		3,033	
Advance payments and acquisitions in progress	31,239	618,461	30,372	603,694
<b>Investments</b>				
Holdings in participating interests	58,965		50,662	
Other shares and holdings	1,431	60,396	1,434	52,096
<b>Total non-current assets</b>	<b>1,055,816</b>		<b>1,047,066</b>	
<b>CURRENT ASSETS</b>				
<b>Inventories</b>				
Raw materials and consumables		12,611		8,661
<b>Receivables (long-term)</b>				
Other receivables	66		63	
Deferred tax assets	257	322	320	383
<b>Receivables (short-term)</b>				
Sales receivables	40,744		31,088	
Receivables from group companies	0		0	
Receivables from participating interests	440		1,850	
Other receivables	0		207	
Prepayments and accrued income	2,026	43,210	2,657	35,801
Financial fixed assets		33		5,046
Cash in hand and at banks		36,072		51,784
<b>Total current assets</b>	<b>92,248</b>		<b>101,675</b>	
<b>Total assets</b>	<b>1,148,064</b>		<b>1,148,740</b>	

EUR thousand <b>CAPITAL, RESERVES AND LIABILITIES</b>	<b>31 December 2023</b>		<b>31 December 2022</b>	
<b>CAPITAL AND RESERVES</b>				
Share capital	969		969	
Premium fund	1		1	
Revaluation reserve	630		630	
Reserve fund	612		612	
Retained earnings	309,345		284,878	
Profit for the financial year	34,987	346,543	37,805	324,894
Minority share		30		30
Statutory provisions		1,313		1,313
<b>LIABILITIES</b>				
Connection fees		156,027		155,377
<b>Long-term</b>				
Loans from financial institutions	490,000		510,000	
Deferred tax liabilities	73,965	563,965	72,221	582,221
<b>Short-term</b>				
Loans from financial institutions	20,000		20,000	
Advance payments	137		141	
Premiums	18		18	
Accounts payable	35,110		29,471	
Group contribution liabilities to group companies	157		213	
Liabilities to participating interests	4,463		10,079	
Other liabilities	12,735		13,571	
Accruals and deferred income	7,568	80,186	11,413	84,905
<b>Total capital, reserves and liabilities</b>	<b>1,148,064</b>		<b>1,148,740</b>	

## Consolidated income statement

1 January–31 December 2023

EUR thousand	1 January–31 December 2023		1 January–31 December 2022	
<b>NET SALES</b>	<b>238,715</b>		<b>231,713</b>	
Share of associated companies' result	2,449		4,545	
Other operating income	3,603		1,074	
<b>MATERIALS AND SERVICES</b>				
<b>Raw materials and consumables</b>				
Purchases during the financial year	88,144		76,713	
Change in inventories	-3,958	84,186	-2,434	74,279
Personnel expenses	13,978		13,892	
Depreciation and reduction in value	67,453		70,378	
Other operating expenses	31,495		29,746	
<b>OPERATING PROFIT</b>	<b>47,655</b>		<b>49,036</b>	
<b>Financial income and expenses</b>				
Interest and financial income	1,471		454	
Interest and financial expenses	-2,141	-670	1,289	1,743
<b>Profit before appropriations</b>	<b>46,985</b>		<b>50,779</b>	
Group contributions given		-157		-213
<b>Profit before tax</b>	<b>46,828</b>		<b>50,567</b>	
Income tax	-11,841		-12,762	
Minority share	0		0	
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>34,987</b>		<b>37,805</b>	

## Consolidated cash flow statement

1 January–31 December 2023

EUR thousand	2023	2022
<b>Cash flow from operating activities</b>		
Cash receipts from sales	229,024	239,319
Cash receipts from other operating income	3,603	1,074
Payments made for operating expenses	-141,214	-119,196
Cash flow from operating activities before financial items and taxes	91,413	121,197
Interest and other financial expenses paid for operating activities	-2,056	-810
Interest received from operating activities	1,246	-24
Dividends received from operating activities	322	287
Direct taxes paid	-8,394	-18,418
<b>Cash flow from operating activities (A)</b>	<b>82,533</b>	<b>102,231</b>
<b>Cash flow from investments</b>		
Investments in tangible and intangible assets	-63,873	-60,710
Proceeds from sale of tangible and intangible assets	53	19
Capital repayments from associated companies	40	0
Capital paid to associated companies	-5,895	-2,541
<b>Cash flow from investments (B)</b>	<b>-69,676</b>	<b>-63,232</b>
<b>Cash flow from financing activities</b>		
Paid increase in equity	0	30
Increase in connection fees	650	904
Change in receivables	-3	0
Repayments of long-term loan	-20,000	-50,000
Group contribution paid	-213	-158
Dividends paid	-14,016	-14,016
<b>Cash flow from financing activities (C)</b>	<b>-33,581</b>	<b>-63,239</b>
<b>Change in cash and cash equivalents (A+B+C)</b>	<b>-20,724</b>	<b>-24,241</b>
Cash and cash equivalents 1 Jan.	56,829	81,070
Cash and cash equivalents 31 Dec.	36,105	56,829



## Parent company's balance sheet 31 December 2023

EUR thousand	31 December 2023		31 December 2022	
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
<b>Intangible assets</b>				
Intangible rights	1,249		1,264	
Goodwill	449,853		467,155	
Other intangible assets	1,003	452,106	1,095	469,515
<b>Tangible assets</b>				
Land and water areas	1,922		1,922	
Buildings and constructions	26,992		28,619	
Machinery and equipment	102,361		105,825	
Other tangible assets	6,087		3,033	
Heat distribution network	51,469		52,614	
Data network	189		254	
Advance payments and acquisitions in progress	4,417	193,437	3,371	195,638
<b>Investments</b>				
Holdings in group companies	5,573		5,573	
Holdings in participating interests	52,516		46,661	
Other shares and holdings	1,417	59,506	1,417	53,651
<b>Total non-current assets</b>		<b>705,048</b>		<b>718,804</b>
<b>CURRENT ASSETS</b>				
<b>Inventories</b>				
Raw materials and consumables		12,452		8,546
<b>Receivables (long-term)</b>				
Other receivables	63		60	
Deferred tax assets	208	271	272	332
<b>Receivables (short-term)</b>				
Sales receivables	18,394		15,720	
Receivables from group companies	31,165		37,608	
Receivables from participating interests	358		785	
Other receivables	0		0	
Prepayments and accrued income	1,787	51,704	2,523	56,635
Financial fixed assets		33		5,046
Cash in hand and at banks		18,122		26,498
<b>Total current assets</b>		<b>82,583</b>		<b>97,056</b>
<b>Total assets</b>		<b>787,631</b>		<b>815,859</b>

EUR thousand	31 December 2023		31 December 2022	
<b>CAPITAL, RESERVES AND LIABILITIES</b>				
<b>CAPITAL AND RESERVES</b>				
Share capital	969		969	
Premium fund	1		1	
Revaluation reserve	630		630	
Reserve fund	612		612	
Retained earnings	134,056		115,600	
Profit for the financial year	17,201	153,468	31,794	149,605
<b>Appropriations</b>				
Accumulated depreciation difference		63,259		63,373
<b>Statutory provisions</b>		1,070		1,070
<b>LIABILITIES</b>				
<b>Long-term</b>				
Connection fees	22,722		22,811	
Loans from financial institutions	490,000		510,000	
Liabilities to group companies	2		2	
Deferred tax liabilities	6,942	519,667	8,021	540,834
<b>Short-term</b>				
Loans from financial institutions	20,000		20,000	
Advance payments	137		141	
Premiums	18		18	
Accounts payable	11,962		10,552	
Liabilities to group companies	7,839		6,613	
Liabilities to participating interests	4,427		10,006	
Other liabilities	572		4,569	
Accruals and deferred income	5,212	50,167	9,077	60,977
<b>Total capital, reserves and liabilities</b>		<b>787,631</b>		<b>815,859</b>

## Parent company's income statement

1 January–31 December 2023

EUR thousand	1 January–31 December 2023		1 January–31 December 2022	
<b>NET SALES</b>	<b>143,561</b>		<b>80,690</b>	
Other operating income	3,831		1,166	
<b>MATERIALS AND SERVICES</b>				
<b>Raw materials and consumables</b>				
Purchases during the financial year	80,283		38,374	
Change in inventories	-3,914	76,368	-1,466	36,908
Personnel expenses	12,144		9,065	
Depreciation and reduction in value	41,006		11,580	
Other operating expenses	17,315		12,025	
<b>OPERATING PROFIT</b>	<b>558</b>		<b>12,278</b>	
Financial income and expenses				
Interest and financial income	2,349		2,006	
Interest and financial expenses	-2,137		212	
<b>Profit before appropriations and taxes</b>	<b>770</b>		<b>15,574</b>	
Appropriations				
Change in depreciation difference	114		2,531	
Group contribution	25,454	25,568	21,558	24,089
Income tax	-9,138		-7,869	
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>17,201</b>		<b>31,794</b>	

## Parent company's cash flow statement

1 January–31 December 2023

EUR thousand	2023	2022
<b>Cash flow from operating activities</b>		
Cash receipts from sales	141,137	76,043
Cash receipts from other operating income	3,831	1,166
Payments made for operating expenses	-121,638	-56,006
Cash flow from operating activities before financial items and taxes	23,329	21,202
Interest and other financial expenses paid for operating activities	-2,051	-810
Interest received from operating activities	2,124	1,528
Dividends received from operating activities	322	287
Direct taxes paid	-8,450	-15,928
<b>Cash flow from operating activities (A)</b>	<b>15,274</b>	<b>6,280</b>
<b>Cash flow from investments</b>		
Investments in tangible and intangible assets	-20,292	-6,028
Proceeds from sale of tangible and intangible assets	35	19
Shares in subsidiaries	0	-70
Capital repayments from associated companies	40	0
Share capital paid to associated companies	-5,895	-2,541
<b>Cash flow from investments (B)</b>	<b>-26,112</b>	<b>-8,621</b>
<b>Cash flow from financing activities</b>		
Increase in connection fees	-89	-16
Change in receivables	-3	0
Repayments of long-term loan	-20,000	-50,000
Group contribution paid	-213	-158
Dividends paid	-14,016	-14,016
Group contribution received	31,770	42,791
<b>Cash flow from financing activities (C)</b>	<b>-2,550</b>	<b>-21,399</b>
<b>Change in cash and cash equivalents (A+B+C)</b>	<b>-13,388</b>	<b>-23,740</b>
Cash and cash equivalents 1 Jan.	31,543	47,876
Cash and cash equivalents from merger		7,407
Cash and cash equivalents 31 Dec.	18,155	31,543

# Notes to the income statement and balance sheet

**The Savon Voima Group is part of the Savon Energyholding Group. The group's parent company is Savon Energyholding Oy, domiciled in Siilinjärvi. The consolidated financial statements are available at Kapteeninväylä 5, 70900 Toivala, Finland, or at the email address kirjanpito@savonvoima.fi.**

## ACCOUNTING PRINCIPLES

### Scope of the consolidated financial statements

In addition to the parent company Savon Voima Oyj, the consolidated financial statements include the subsidiaries Savon Voima Verkko Oy, Itä-Suomen Biomassa Oy and Savon Energia Oy. The last-mentioned company has no operations. It also includes the associated companies Kymppivoima Oy, Kymppivoima Hankinta Oy and Väre Oy.

### Changes in the group structure

There were no changes in the group structure during the financial year. Savon Voima Joensuu Oy was merged with the parent company Savon Voima Oyj on 31 December 2022, and Savon Voima Joensuu Oy was dissolved as a result of the merger.

### Comparability

The accounting policies remained the same in 2023 as they were in 2022. The comparability of the figures in the income statement of the parent company Savon Voima Oyj is impacted by the merger of Savon Voima Joensuu Oy on 31 December 2022.

### Accounting principles applied to the consolidated financial statements

The consolidated financial statements have been drawn up using the acquisition cost method. Business transactions within the group and the internal margin included in non-current assets, as well as inter-company receivables and liabilities, have been eliminated.

Associated companies are included in the consolidated financial statements using the equity method. In the case of Kymppivoima Oy, the consolidation has been carried out with portions per series of shares because, according to Kymppivoima Oy's articles of association, the company's shareholders are responsible for the purchase costs of electricity in proportion to their ownership of each series of shares, are entitled to receive the acquired energy in proportion to their ownership of each series of shares and are entitled to the company's net assets and profits in proportion to their ownership of each series of shares when distributing assets other than in the dissolution of the company. If, in the event of the liquidation of the company, the debts and liabilities exceed the assets received from the liquidation, the shareholders of the relevant series of shares are responsible for the debts and liabilities exceeding the assets in proportion to their ownership of each series of shares.

The balance sheet includes deferred tax liabilities in their entirety and deferred tax assets as the estimated probable assets.

### Goodwill

In the consolidated balance sheet, the difference between the acquisition cost and equity of the subsidiaries has been allocated according to the group's share of ownership to the fixed assets and liabilities that are considered to be the basis of the consolidation asset. The unallocated consolidation asset, i.e. the consolidated goodwill, is depreciated in 5–30 years in general. The 30-year depreciation period is applied to the group's goodwill arising from the acquisition of Savon Voima Joensuu Oy on 10 January 2020, which has high long-term income expectations. Savon Voima Joensuu Oy, which merged with its parent company at the end of the financial year on 31 December 2022, has a strong market position in its area, a high level of competence and good quality production assets. The business of Savon Voima Joensuu Oy plays an important strategic role in the operations of the parent company and the group. In the opinion of the management, the chosen period of 30 years is realistic and in accordance with the principle of prudence.

The merger asset created in Savon Voima Joensuu Oy's subsidiary merger on 31 December 2022 has been allocated in Savon Voima Oyj's balance sheet to the fixed asset items transferred in the merger that have been deemed to have



caused the asset. The unallocated merger asset is presented as goodwill, which will be depreciated in 27 years. The depreciation period is based on an estimate of the expected return.

### Revaluations

The financial statements include a revaluation of EUR 787,093.61 in accordance with Chapter 5, Section 17 of the Accounting Act in respect of land areas owned by the company. As a result of the revaluation, long-term deferred tax liabilities of EUR 157,418.72 have been entered in the balance sheet as liabilities. The revaluation is included in the balance sheet item "Land and water areas" under fixed tangible assets. The amount of revaluation of the land and water areas is based on the opinions of an independent external real estate expert on the likely transfer price of the land. The revaluations are dimensioned such that the book value of the revalued land is 90% of its fair value. The revaluation has been made on all land areas for which the prerequisites for revaluation in accordance with the Accounting Act have been deemed to be met.

### Inventories

The acquisition cost of inventories is assessed at the weighted average price.

### Financial securities

Financial assets and financial securities are valued at their fair value so that, in terms of shares, the value is the rate of exchange at the balance sheet date, while fund investments are valued at the redemption price at the balance sheet date and commercial papers at their nominal value.

### Calculation principles related to derivative instruments and hedging measures

The valuation of derivatives complies with the basic rule of Chapter 5, Section 2 of the Accounting Act.

The objective of risk management in the Savon Voima Group is to support the achievement of the targets of the business strategy. Electricity price risk is the company's key business risk to be hedged. The price development in the electricity

market mainly affects the group's energy production business and electricity distribution network business. Factors having an impact on the price of electricity in the Nordic market in the short term include the water supply situation, the fluctuation of wind power production, temperature, the prices of emission allowances for carbon dioxide, the price of fuels and the export and import situation between countries.

The group hedges against electricity price risks by drawing up electricity derivative contracts for power generation and the purchase of loss electricity for the electricity distribution network business. The price risk of carbon dioxide emission allowances is hedged against with emission allowance derivative contracts and by taking into account the costs of emission allowances in production planning. For hedging operations, the company has a risk management policy for energy trade and procurement approved by the Board of Directors, the implementation of which is monitored systematically.

The fair values of derivative instruments and the values of underlying instruments are presented in note 24. Value changes of derivative contracts drawn up for hedging purposes have not been dealt with through profit or loss, but their realised profits/losses are recorded in the income statement and balance sheet for the same period with the physical contracts they are hedged with. In accordance with the above-mentioned risk policy, we do not engage in speculative derivatives trade. The premiums of hedging options are recorded in the income statement for the same period as the physical contracts they are hedged with.

Savon Voima hedges against interest rate risk associated with long-term floating-rate loans by using interest rate derivatives. The group's financial policy sets guidelines for interest derivatives used. Derivatives are used for hedging purposes only. Significant interest rate risks are hedged by cash flow hedges. As a rule, hedging against interest rate risks is done using derivatives with interest rate determination and payment terms that are inversely as similar as possible to the current and future floating-rate loans and that are otherwise as identical as possible to the critical terms of the hedged item, so that the derivatives used are genuinely and effectively hedging. Interest rate derivatives that are deemed to be genuinely hedging and whose terms correspond to the terms of current variable interest loans are stated as liabilities in note 23. The negative fair value change of those derivatives, which are not deemed to be effectively and genuinely hedging, is recognised in the financial items of the income state-

ment and in the statutory provisions of the balance sheet; there were no such derivatives on the closing date.

### Financial internal rate of interest

The internal rate of interest for financing used in the Savon Voima Group companies is determined according to the average cost of capital (WACC) determined for each year by the Energy Authority, which in 2023 was 6.08%. No premium or margin is added to or deducted from this value.

### Company stocks

The company's shares are divided into two series, Series A and B, as follows:

There are 576,534 shares in Series A. Series B shares have not been issued so far.

When the company's assets are distributed, Series A shares provide a right to the part of the assets to be distributed that has been accumulated from activities other than water management services. Series B shares provide a right to the part of the assets to be distributed that has been accumulated from water management services.

EUR thousand	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>1. NET SALES BY BUSINESS AREA</b>				
Electricity distribution	98,139	96,753		
Electricity sales*	42,813	48,726	42,813	28,409
District heating sales	92,988	81,643	92,991	43,824
Installation and service sales	3,160	2,628	7,454	8,125
Connection fee income	761	1,031	228	316
Other operations	854	932	75	16
<b>Total</b>	<b>238,715</b>	<b>231,713</b>	<b>143,561</b>	<b>80,690</b>

\*) Savon Voima Oyj's electricity sales consist of electricity generated by both its own and jointly owned power plants.

<b>2. OTHER OPERATING INCOME</b>				
Rental income	172	259	345	424
Grants and compensations received	2	176	1	176
Guarantees of origin	1,842	427	1,842	427
Other	1,587	212	1,641	140
<b>Total</b>	<b>3,603</b>	<b>1,074</b>	<b>3,831</b>	<b>1,166</b>

<b>3. PERSONNEL EXPENSES</b>				
Wages and salaries	12,678	12,958	10,447	7,811
Pension insurance expenses	2,249	2,169	1,826	1,244
Other indirect employee costs	364	375	316	248
<b>Total</b>	<b>15,291</b>	<b>15,502</b>	<b>12,588</b>	<b>9,303</b>
Activated wages and salaries	-1,313	-1,609	-444	-238
Wages and salaries in the income statement	13,978	13,892	12,144	9,065
Management's salaries				
CEOs and their deputies	588	477		
Board members	140	129		
Management's salaries in total	728	606	475	414

Pension commitments of the Boards of Directors and CEOs:  
The retirement age of CEOs of the group companies is 67–68 years.

<b>Average number of employees</b>				
White-collar workers	147	140	111	86
Blue-collar workers	67	69	67	41
<b>Total</b>	<b>214</b>	<b>209</b>	<b>178</b>	<b>127</b>
Number of employees at the end of the year	211	205	176	127

#### 4. DEPRECIATIONS

The values of fixed assets are based on the original acquisition costs minus accrued planned depreciations. Depreciations have been calculated on a straight-line basis over the economic life of the acquisition cost. No depreciations have been made for land areas. The depreciation period for the consolidated goodwill arising from the acquisition of Savon Voima Joensuu Oy is 30 years. The depreciation period for the goodwill arising from the merger of Savon Voima Joensuu Oy into the parent company is allocated for a period of time corresponding to the group's goodwill. The depreciation period is based on an estimate of the expected return. The acquisition cost of machinery and equipment included in movable fixed assets that were introduced in 2021–2023 and are under the scope of application of Section 30 of the Act on the Taxation of Business Income have been depreciated by double the regular depreciation amount.

#### Planned depreciation periods by balance sheet item

Buildings and constructions 15–40 years, heat distribution network 14–40 years, electricity network 20–25 years, machinery and equipment 3–25 years, other long-term expenses 3–50 years, consolidated goodwill 5–30 years

EUR thousand	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Planned depreciations by balance sheet item</b>				
Long-term expenses	2,460	2,549	768	578
Buildings and constructions	3,994	4,067	3,785	2,132
Electricity network – depreciations	23,812	22,671	0	0
– reductions in value	573	589	0	0
Heating network	3,549	3,448	3,549	1,796
Data network	536	503	65	65
Machinery and equipment – depreciations	18,055	18,750	15,236	6,852
– reductions in value*	111	3,389	111	0
Other tangible assets	171	147	171	129
Goodwill	14,113	14,113	17,302	0
Intangible rights	80	154	20	28
<b>Total</b>	<b>67,453</b>	<b>70,378</b>	<b>41,006</b>	<b>11,580</b>

\*) The group's machinery and equipment for 2022 include a reduction in value on Savon Voima Joensuu Oy's pyrolysis equipment.

<b>5. AUDITOR'S FEES</b>				
Audit of financial statements	80	114	49	54
Other fees	2	10	2	10
Tax consultancy	2		2	
Other services	26		26	
<b>Total</b>	<b>109</b>	<b>124</b>	<b>79</b>	<b>64</b>

#### 6. FINANCIAL INCOME AND EXPENSES

Return on investments	322	287	322	287
Total income from investments held as non-current assets	322	287	322	287
<b>Interest income</b>				
From group undertakings			945	1,613
From others	1,148	167	1,081	107
<b>Total</b>	<b>1,148</b>	<b>167</b>	<b>2,026</b>	<b>1,720</b>
<b>Total financial income</b>	<b>1,471</b>	<b>454</b>	<b>2,349</b>	<b>2,006</b>
<b>Interest expenses</b>				
To group undertakings			0	0
To others*	-1,808	-608	-1,807	-607
Other financial expenses*	-333	1,896	-330	1,896
<b>Total financial expenses</b>	<b>-2,141</b>	<b>1,289</b>	<b>-2,137</b>	<b>1,290</b>
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>-670</b>	<b>1,743</b>	<b>212</b>	<b>3,296</b>

\* The interest and financial expenses for 2022 include the cancellation of the reserve of interest rate derivatives and the sale of non-hedging derivatives.

<b>7. APPROPRIATIONS</b>				
Change in depreciation difference			114	2,531
Group contributions received			25,611	21,770
Group contributions given	-157	-213	-157	-213
<b>Total appropriations</b>	<b>-157</b>	<b>-213</b>	<b>25,568</b>	<b>24,089</b>

EUR thousand	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>8. INCOME TAX</b>				
Income taxes from actual operations	10,033	11,667	10,153	7,447
Change in deferred tax liability	1,743	672	-1,079	0
Change in deferred tax assets	64	422	64	422
Total	<b>11,841</b>	<b>12,762</b>	<b>9,138</b>	<b>7,869</b>
<b>9. FIXED ASSETS BY BALANCE SHEET ITEM</b>				
<b>Intangible rights</b>				
Acquisition cost 1 Jan.	3,142	3,139*)	1,396	1,357
Additions during the financial year	605	3*)	5	3
Additions through merger			0	36
Acquisition cost 31 Dec.	3,747	3,142*)	1,401	1,396
Accumulated depreciation 1 Jan.	-1,872	-1,719*)	-132	-104
Depreciation during the financial year	-80	-154*)	-20	-28
Accumulated depreciation 31 Dec.	-1,952	-1,872*)	-152	-132
Book value 31 Dec.	1,795	1,270*)	1,249	1,264
Accumulated depreciation difference 1 Jan.			15	10
Depreciation difference transferred in merger			0	5
Change in depreciation difference			-1	0
Accumulated depreciation difference 31 Dec.			15	15
*) The account scheme was changed as of 1 January 2022. The reference data has been changed to correspond to the new account scheme.				
<b>Goodwill</b>				
Acquisition cost 1 Jan.	423,378	423,378	467,155	0
Additions during the financial year*	0	0	0	467,155
Acquisition cost 31 Dec.	423,378	423,378	467,155	467,155
Accumulated depreciation 1 Jan.	-42,338	-28,225	0	0
Depreciation during the financial year	-14,113	-14,113	-17,302	0
Accumulated depreciation 31 Dec.	-56,450	-42,338	-17,302	0
Book value 31 Dec.	366,928	381,040	449,853	467,155
<b>Other intangible assets</b>				
Acquisition cost 1 Jan.	50,566	48,281*)	12,452	11,514
Additions during the financial year	1,731	2,285*)	676	887
Additions through merger			0	51
Disposals during the financial year	-3	0*)	-3	0
Acquisition cost 31 Dec.	52,294	50,566*)	13,125	12,452
Accumulated depreciation 1 Jan.	-41,600	-39,051*)	-11,356	-10,778
Depreciation during the financial year	-2,460	-2,549*)	-768	-578
Accumulated depreciation of disposals	3	0*)	3	0
Accumulated depreciation 31 Dec.	-44,058	-41,600*)	-12,121	-11,356
Book value 31 Dec.	8,236	8,966*)	1,003	1,095
Accumulated depreciation difference 1 Jan.			311	193
Depreciation difference transferred in merger			0	44
Change in depreciation difference			-92	74
Accumulated depreciation difference 31 Dec.			219	311

\*) The account scheme was changed as of 1 January 2022. The reference data has been changed to correspond to the new account scheme.

EUR thousand	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Land and water areas</b>				
Acquisition cost 1 January	1,806	1,806	1,135	795
Additions during the financial year	6	0	0	0
Additions through merger			0	340
Disposals during the financial year	0	0	0	0
Acquisition cost 31 Dec.	1,812	1,806	1,135	1,135
Revaluations	787	787	787	258
Revaluations through merger				529
Book value 31 Dec.	2,599	2,593	1,922	1,922
<b>Buildings and structures</b>				
Acquisition cost 1 January	96,900	96,900	85,039	70,108
Additions during the financial year	2,158	0	2,158	0
Additions through merger			0	14,930
Acquisition cost 31 Dec.	99,058	96,900	87,197	85,039
Accumulated depreciation 1 Jan.	-65,443	-61,376	-56,420	-54,288
Depreciation during the financial year	-3,994	-4,067	-3,785	-2,132
Accumulated depreciation 31 Dec.	-69,437	-65,443	-60,205	-56,420
Book value 31 Dec.	29,621	31,457	26,992	28,619
Accumulated depreciation difference 1 Jan.			-4,048	-4,449
Depreciation difference transferred in merger			0	1,069
Change in depreciation difference			-1,058	-668
Accumulated depreciation difference 31 Dec.			-5,105	-4,048
<b>Electricity distribution network</b>				
Acquisition cost 1 January	672,659	641,651	152	152
Additions during the financial year	41,724	31,009	0	0
Disposals during the financial year	-18	0	0	0
Acquisition cost 31 Dec.	714,365	672,659	152	152
Accumulated depreciation 1 Jan.	-309,565	-286,305	-152	-152
Accumulated depreciation of disposals	2	0	0	0
Impairments	-573	-589	0	0
Depreciation during the financial year	-23,816	-22,671	0	0
Accumulated depreciation 31 Dec.	-333,951	-309,565	-152	-152
Book value 31 Dec.	380,414	363,095	0	0
<b>Heat distribution network</b>				
Acquisition cost 1 January	97,297	94,608	113,276	77,679
Additions during the financial year	2,403	2,690	2,403	1,557
Additions through merger			0	34,039
Acquisition cost 31 Dec.	99,700	97,297	115,679	113,276
Accumulated depreciation 1 Jan.	-44,683	-41,236	-60,661	-58,866
Depreciation during the financial year	-3,549	-3,448	-3,549	-1,796
Accumulated depreciation 31 Dec.	-48,232	-44,683	-64,210	-60,661
Book value 31 Dec.	51,469	52,614	51,469	52,614
Accumulated depreciation difference 1 Jan.			12,541	-2,839
Depreciation difference transferred in merger			0	15,551
Change in depreciation difference			-705	-171
Accumulated depreciation difference 31 Dec.			11,835	12,541



EUR thousand	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Data network</b>				
Acquisition cost 1 Jan.	4,777	4,513	324	324
Additions during the financial year	708	264	0	0
Acquisition cost 31 Dec.	5,485	4,777	324	324
Accumulated depreciation 1 Jan.	-3,309	-2,806	-70	-5
Depreciation during the financial year	-536	-503	-65	-65
Accumulated depreciation 31 Dec.	-3,845	-3,309	-135	-70
Book value 31 Dec.	1,640	1,468	189	254
Accumulated depreciation difference 1 Jan.			72	76
Change in depreciation difference			-19	-4
Accumulated depreciation difference 31 Dec.			52	72
<b>Machinery and equipment</b>				
Acquisition cost 1 Jan.	359,336	344,673	292,757	222,311
Additions during the financial year	14,593	14,716	11,984	2,565
Additions through merger			0	67,934
Disposals during the financial year	-345	-53	-345	-53
Acquisition cost 31 Dec.	373,584	359,336	304,396	292,757
Accumulated depreciation 1 Jan.	-240,274	-218,184	-186,932	-180,129
Accumulated depreciation of disposals	244	49	244	49
Impairments*	-111	-3,389	-111	
Depreciation during the financial year	-18,051	-18,750	-15,236	-6,852
Accumulated depreciation 31 Dec.	-258,192	-240,274	-202,035	-186,932
Book value 31 Dec.	115,392	119,062	102,361	105,825
Accumulated depreciation difference 1 Jan.			54,177	25,999
Depreciation difference transferred in merger			0	29,897
Change in depreciation difference			1,764	-1,720
Accumulated depreciation difference 31 Dec.			55,941	54,177
*) The group's machinery and equipment for 2022 include a reduction in value on Savon Voima Joensuu Oy's pyrolysis equipment.				
<b>Other tangible assets</b>				
Acquisition cost 1 Jan.	7,633	7,386	7,633	7,309
Additions during the financial year	3,225	247	3,225	247
Additions through merger			0	76
Acquisition cost 31 Dec.	10,858	7,633	10,858	7,633
Accumulated depreciation 1 Jan.	-4,600	-4,453	-4,600	-4,471
Depreciation during the financial year	-171	-147	-171	-129
Accumulated depreciation 31 Dec.	-4,771	-4,600	-4,771	-4,600
Book value 31 Dec.	6,087	3,033	6,087	3,033
Accumulated depreciation difference 1 Jan.			306	277
Depreciation difference transferred in merger			0	70
Change in depreciation difference			-3	-42
Accumulated depreciation difference 31 Dec.			302	306

EUR thousand	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Advance payments and work in progress</b>				
Acquisition cost 1 Jan.	30,372	24,871	3,371	1,531
Additions during the financial year	23,660	25,457	4,256	2,458
Additions through merger			0	666
Disposals during the financial year	-22,793	-19,956	-3,209	-1,285
Acquisition cost 31 Dec.	31,239	30,372	4,417	3,371
Book value 31 Dec.	31,239	30,372	4,417	3,371
<b>Shares and holdings</b>				
Acquisition cost 1 Jan.	52,096	45,010	53,651	570,893
Additions during the financial year	5,895	2,541	5,895	2,612
Additions through merger			0	2
Disposals during the financial year	-43	0	-40	0
Disposals through merger			0	-519,856
Capital repayments	0	0	0	0
Profit for the financial year for the associated companies	2,448	4,545		
Acquisition cost 31 Dec.	60,396	52,096	59,506	53,651
Book value 31 Dec.	60,396	52,096	59,506	53,651
<b>Total balance sheet items</b>				
Acquisition cost 1 Jan.	1,799,962	1,736,214	1,038,340	963,975
Additions during the financial year	96,709	79,211	30,602	10,328
Additions through merger			0	118,077
Disposals during the financial year	-23,202	-20,009	-3,598	465,817
Disposals through merger			0	-519,856
Reconciliation of balance sheet value	2,448	4,545		
Acquisition cost 31 Dec.	1,875,917	1,799,962	1,065,345	1,038,340
Accumulated depreciation 1 Jan.	-753,684	-683,354	-320,324	-308,793
Accumulated depreciation of disposals	248	49	246	49
Impairments	-683	-3,978	-111	0
Depreciation during the financial year	-66,770	-66,401	-40,895	-11,580
Accumulated depreciation 31 Dec.	-820,888	-753,684	-361,084	-320,324
Revaluations	787	787	787	258
Revaluations through merger			0	529
Book value 31 Dec.	1,055,816	1,047,066	705,048	718,804
Accumulated depreciation difference 1 Jan.			63,373	19,267
Depreciation difference transferred in merger			0	46,637
Change in depreciation difference			-114	-2,531
Accumulated depreciation difference 31 Dec.			63,259	63,373
<b>10. DEFERRED TAX ASSETS</b>				
Of statutory provisions	257	254	208	205
Of advances for expenses	0	66	0	66
Total	257	320	208	272

EUR thousand	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>11. RECEIVABLES FROM GROUP COMPANIES</b>				
Short-term receivables				
Sales receivables			1	22
Loan receivables*			12,310	12,310
Prepayments and accrued income			3,243	3,506
Group contribution receivables			15,611	21,770
Total			<b>31,165</b>	<b>37,608</b>
*) Main loan terms: maximum amount approved by the Board of Directors, repayment on agreement, interest rate determined in accordance with the financial internal rate of interest.				
<b>12. OTHER RECEIVABLES</b>				
Other receivables	0	207	0	0
Total	<b>0</b>	<b>207</b>	<b>0</b>	<b>0</b>
<b>13. KEY ITEMS INCLUDED IN ACCRUED INCOME</b>				
Emission allowances	281	0	281	0
Interests	107	205	107	205
Income tax and other tax	102	1,611	0	1,572
Other accrued income	1,536	841	1,399	746
Total	<b>2,026</b>	<b>2,657</b>	<b>1,787</b>	<b>2,523</b>
<b>14. FINANCIAL FIXED ASSETS</b>				
Replacement price	33	5,046	33	5,046
Book value	33	5,046	33	5,046
<b>15. CHANGES IN EQUITY</b>				
Restricted equity				
Share capital 1 Jan. and 31 Dec.	969	969	969	969
Premium fund 1 Jan. and 31 Dec.	1	1	1	1
Revaluation reserve 1 Jan. and 31 Dec.	630	630	630	630
Reserve fund 1 Jan. and 31 Dec.	612	612	612	612
Total restricted equity	2,211	2,211	2,211	2,211
Unrestricted equity				
Other equity 1 Jan.	322,683	298,854	147,394	129,615
Distribution of dividends	-14,016	-14,016	-14,016	-14,016
Adjustments of previous financial years	678	39	678*)	0
Profit for the financial year	34,987	37,805	17,201	31,794
Total unrestricted equity	344,332	322,683	151,257	147,394
Total equity 31 Dec.	346,543	324,894	153,468	149,605
Proportion entered under other equity from accumulated depreciation difference	268,097	256,800		
*) Adjustment for 2022 taxation				
<b>16. CALCULATION OF DISTRIBUTABLE EQUITY</b>				
Total unrestricted equity			151,257	147,394
Distributable assets			<b>151,257</b>	<b>147,394</b>
<b>17. STATUTORY PROVISIONS AND DEFERRED TAX LIABILITIES</b>				
Improvement of impregnation plots	243	243		
Losses on the sale of properties	104	104	104	104
Spoil area	966	966	966	966

EUR thousand	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Deferred tax liabilities:				
Appropriations	67,023	64,200	0	0
Consolidation measures	6,785	7,864	6,785	7,864
Allocation and temporary differences	157	157	157	157
Total	<b>75,278</b>	<b>73,534</b>	<b>8,012</b>	<b>9,092</b>
<b>18. LIABILITIES TO GROUP COMPANIES</b>				
Short-term liabilities				
Accounts payable			7,248	5,989
Accruals and deferred income			434	411
Group contribution liabilities	157	213	157	213
Total	<b>157</b>	<b>213</b>	<b>7,839</b>	<b>6,613</b>
<b>19. LIABILITIES TO PARTICIPATING INTERESTS</b>				
Short-term liabilities				
Accounts payable	4,456	7,131	4,427	7,058
Other short-term liabilities	6	2,948	0	2,948
Total short-term liabilities	<b>4,463</b>	<b>10,079</b>	<b>4,427</b>	<b>10,006</b>
<b>20. KEY ITEMS INCLUDED IN DEFERRED LIABILITIES</b>				
Derivatives brokerage	895	3,319	895	3,319
Wages and salaries including social costs	2,895	4,041	2,405	3,335
Interests	179	94	179	94
Income tax	1,239	1,786	1,239	1,786
Fuels	1,746	1,384	0	0
Other deferred liabilities	614	788	495	542
Total	<b>7,568</b>	<b>11,413</b>	<b>5,212</b>	<b>9,077</b>
<b>21. CONTINGENT LIABILITIES</b>				
<b>General pledges for below debts</b>				
Loans from financial institutions	490,000	510,000	490,000	510,000
Real estate mortgages	0	0	0	0
Corporate mortgages	0	0	0	0
Leasing liabilities				
Payable during current financial year	520	379	520	379
Payable at a later date	809	515	809	515
Total leasing liabilities	<b>1,330</b>	<b>894</b>	<b>1,330</b>	<b>894</b>
Rent liabilities				
Payable during current financial year	789	971	789	971
Payable at a later date	3,262	2,024	3,262	2,024
Total rent liabilities	<b>4,051</b>	<b>2,995</b>	<b>4,051</b>	<b>2,995</b>
Guarantees				
Guarantees on behalf of participating interests	7,161	15,338	7,161	15,338
Guarantees on behalf of group companies			905	350
Bank guarantee liabilities	670	720	670	720
Total guarantees	<b>7,831</b>	<b>16,058</b>	<b>8,736</b>	<b>16,408</b>
Liability to adjust VAT on property investments	47,212	47,130	6,074	6,936

**22. OTHER RESPONSIBILITIES IN ENERGY PRODUCTION COMPANIES**

Savon Voima Oyj has a 18.5% holding in Kymppivoima Oy, which operates on the Mankala principle. In accordance with the Mankala principle, Savon Voima Oyj is entitled to electricity generated by Kymppivoima Oy in proportion to its ownership of each series of shares. Savon Voima Oyj is responsible, in proportion to its ownership of each series of shares, for Kymppivoima Oy's electricity purchase costs, which consist of variable costs, fixed costs, depreciations and financing costs. The financing costs are also affected by interest rate derivative contracts entered into by Kymppivoima Oy.

Savon Voima Oyj's share of Kymppivoima Oy's loans calculated in proportion to its ownership of each series of shares is EUR 32.5 million: EUR 22.9 million for hedges on loans and EUR 3.3 million for the market value of the hedges.

In a directed share issue by Kymppivoima Oy in December 2021, Savon Voima Oyj subscribed for the company's XXI series of shares, the subscription payment for which will be made at the dates and amounts separately announced by Kymppivoima Oy's Board of Directors. EUR 5,835,270.00 was paid for the subscribed shares in 2023 and an estimated EUR 6,853,297.50 will be paid in 2024.

In a directed share issue by Kymppivoima Oy in April 2022, Savon Voima Oyj subscribed for the company's XXII series of shares, the subscription payment for which will be made at the dates and amounts separately announced by Kymppivoima Oy's Board of Directors. EUR 59,990.00 was paid for the subscribed shares in 2023.

EUR thousand	GROUP		PARENT COMPANY	
	2023	2022	2023	2022

**23. INTEREST RATE DERIVATIVES** with terms and cash flows consistent with the loans

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Interest rate swap contract 1</b>				
Notional value corresponding to the principal of the loan 31 Dec.	233,910	256,410	233,910	256,410
– Contract expiration date 31 December 2027				
– Floating interest rate Euribor 6 months				
– Fixed interest rate -0.0360%				
Fair value of derivatives contract	18,999	30,127	18,999	30,127
<b>Interest rate swap contract 2</b>				
Notional value corresponding to the principal of the loan 31 Dec.	140,346	153,846	140,346	153,846
– Contract expiration date 31 December 2027				
– Floating interest rate Euribor 6 months				
– Fixed interest rate -0.0464%				
Fair value of derivatives contract	11,389	18,162	11,389	18,162
<b>Interest rate swap contract 3</b>				
Notional value corresponding to the principal of the loan 31 Dec.	93,564	102,564	93,564	102,564
– Contract expiration date 31 December 2027				
– Floating interest rate Euribor 6 months				
– Fixed interest rate -0.0450%				
Fair value of derivatives contract	7,605	12,221	7,605	12,221
<b>Interest rate swap contract 4</b>				
Notional value corresponding to the principal of the loan 31 Dec.	151,232	151,232	151,232	151,232
– Contract expiration date 31 December 2032				
– Floating interest rate Euribor 6 months				
– Fixed interest rate 0.2780%				
Fair value of derivatives contract	12,280	14,659	12,280	2,554
<b>Interest rate swap contract 5</b>				
Notional value corresponding to the principal of the loan 31 Dec.	83,668	83,668	83,668	83,668
– Contract expiration date 31 December 2032				
– Floating interest rate Euribor 6 months				
– Fixed interest rate 0.6385%				
Fair value of derivatives contract	6,190	7,717	6,190	7,717
<b>Interest rate swap contract 6</b>				
Notional value corresponding to the principal of the loan 31 Dec.	60,000	60,000	60,000	60,000
– Contract expiration date 31 December 2032				
– Floating interest rate Euribor 6 months				
– Fixed interest rate 1.1630%				
Fair value of derivatives contract	2,874	3,983	2,874	3,983

EUR thousand	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Interest rate swap contract 7</b>				
Notional value corresponding to the principal of the loan 31 Dec.	84,000	84,000	84,000	84,000
– Contract expiration date 31 December 2041				
– Floating interest rate Euribor 6 months				
– Fixed interest rate 1.1920%				
Fair value of derivatives contract	5,569	5,293	5,569	5,293
<b>Interest rate swap contract 8</b>				
Notional value corresponding to the principal of the loan 31 Dec.	72,000	72,000	72,000	72,000
– Contract expiration date 31 December 2041				
– Floating interest rate Euribor 6 months				
– Fixed interest rate 0.9420%				
Fair value of derivatives contract	5,957	5,562	5,957	5,562
<b>Interest rate floor contract 1</b>				
Notional value corresponding to the principal of the loan 31 Dec.	147,096	153,846	147,096	153,846
– Contract expiration date 28 June 2024				
– Interest set at min. 0%				
Fair value of derivatives contract	0	1	0	1
<b>Interest rate floor contract 2</b>				
Notional value corresponding to the principal of the loan 31 Dec.	245,160	256,410	245,160	256,410
– Contract expiration date 28 June 2024				
– Interest set at min. 0%				
Fair value of derivatives contract	0	2	0	2
<b>Interest rate floor contract 3</b>				
Notional value corresponding to the principal of the loan 31 Dec.	93,564	102,564	93,564	102,564
– Contract expiration date 30 June 2024				
– Interest set at min. 0%				
Fair value of derivatives contract	0	3	0	3
<b>Interest rate floor contract 4</b>				
Notional value corresponding to the principal of the loan 31 Dec.	222,660		222,660	
– Contract expiration date 30 June 2025				
– Interest set at min. 0%				
Fair value of derivatives contract	37		37	
<b>Interest rate floor contract 5</b>				
Notional value corresponding to the principal of the loan 31 Dec.	133,596		133,596	
– Contract expiration date 30 June 2025				
– Interest set at min. 0%				
Fair value of derivatives contract	22		22	
<b>Interest rate floor contract 6</b>				
Notional value corresponding to the principal of the loan 31 Dec.	89,064		89,064	
– Contract expiration date 30 June 2025				
– Interest set at min. 0%				
Fair value of derivatives contract	15		15	

The market values of interest rate derivatives are based on market prices on the closing date (according to the bank). Interest rate swap contracts that are not hedging are dealt with through profit or loss in accordance with Chapter 5, Section 2 of the Accounting Act, if the fair value is negative. There are no non-hedging interest rate swap contracts on the closing date.

**24. ELECTRICITY DERIVATIVES**

Electricity price risk is hedged with electricity derivative contracts. The main objective of hedging is to reduce the impact of electricity price changes on the results. The hedging strategy covers several years within the scope of risk-taking authorities. The hedging strategy is constantly assessed as the market situation changes. The group uses derivatives to hedge power generation, the purchase of electricity for heat production and the purchase of loss electricity for the electricity distribution network business. Electricity derivatives are acquired for hedging purposes. The hedges have been found to be effective and, for this reason, the derivatives are presented in the notes to the financial statements.

**Open total positions of forwards 31 December 2023**

MtM	PRODUCTION (kEUR)	BROKERAGE (kEUR)	EMISSION ALLOWANCES (kEUR)	LOSS ELECTRICITY (kEUR)	TOTAL (kEUR)
Forwards	1,682	3,192	0	414	5,287
<b>Total</b>	<b>1,682</b>	<b>3,192</b>	<b>0</b>	<b>414</b>	<b>5,287</b>

**Derivatives brokerage**

For derivatives brokerage, Savon Voima's risk is limited to the counterparty. The counterparty risk is managed with credit insurances or other guarantee adjustments, such as bank guarantees. Customers of derivatives brokerage report their electricity position and efficiency of hedging in their financial statements, and those numbers are not included in Savon Voima's financial statements. Derivatives brokerage contracts have terms that prevented their unilateral transfer to Väre Oy in connection with the business transfer, and they will therefore remain with Savon Voima Oyj until the maturity of the contracts, unless an earlier transfer of contract is agreed with counterparty.

Year	Brokerage MWh
2024	122,976
<b>Total</b>	<b>122,976</b>

**Hedging of power generation**

In the hedging of production, 47% of system price risk (SYS) and 48% of area price risk (EPAD) are being hedged in 2024. Correspondingly, 18% (SYS) and 17% (EPAD) will be hedged for 2025. The hedges for 2026 will be 2%. These will be hedged by bilateral contracts with system and area price differential products and products containing both components at Finnish prices. The company has estimated the electricity production amounts and drawn up derivatives contracts for hedging electricity production in accordance with the following table.

Hedging of power generation	2026	2025	2024
MWh, SYS	745,507	627,786	545,527
MWh, EPAD	745,507	627,786	545,527
SYS hedging MWh	17,520	113,260	258,943
SYS hedging %	2%	18%	47%
EPAD hedging MWh	17,520	106,907	261,931
EPAD hedging %	2%	17%	48%

Number of electricity derivatives contracts, Production hedging	2023	2022
Amount MWh	619,851	762,606
Acquisition value kEUR	28,129	36,443
EUR MtM	1,681,616	-35,698,529

Emission allowance derivatives, Heat and power production	2023	2022
Amount t	10,000	20,000
Acquisition value kEUR	781	1,578
EUR MtM	-450	67,700

Hedging of loss electricity in the distribution network	2023	2022
Amount MWh	190,745	146,633
Acquisition value kEUR	5,779	5,905
EUR MtM	413,613	6,333,388



**25. ADDITIONAL INFORMATION ON ELECTRICITY TRADE BUSINESS REQUIRED BY THE ELECTRICITY MARKET ACT**

According to the Electricity Market Act, a company operating in the electricity market must separate its electricity trade business from other business activities carried out by the company. Electricity network operations have been separated into a separate limited liability company. The notes to the consolidated financial statements present the profit and loss account and the balance sheet of the network business. Other electricity trade business has been carried out in the parent company Savon Voima Oyj and Savon Voima Joensuu Oy. Other electricity business activities consist of power generation and wholesale as well as other activities closely related to the production and sale of electricity. The unbundling of the income statement is almost completely based on direct allocation of profits and costs to various business operations in the accounting. The financial items have been allocated on the basis of a distribution principle based on the scope of business operations. To the extent possible, balance sheet items have been allocated directly to asset and capital items. Common items have been allocated according to the matching principle or on the basis of a distribution principle based on the size of the business. The distribution principles for non-directly allocated items were revised during the financial year 2023. The reference data has been adjusted to correspond to the revised criteria. Savon Voima Joensuu Oy was merged with the parent company Savon Voima Oyj on 31 December 2022. The balance sheet values of Savon Voima Joensuu Oy's electricity trade business have been combined with the balance sheet values of the parent company. Since 1 January 2023, the electricity business has only existed in the parent company.

BALANCE SHEET OF THE ELECTRICITY TRADE BUSINESS, assets	PARENT COMPANY	
	31 December 2023	31 December 2022
EUR thousand		
<b>FIXED ASSETS</b>		
<b>Intangible assets</b>		
Intangible rights	12	12
Goodwill	139,119	166,189
<b>Tangible assets</b>		
Land and water areas	1,284	1,284
Buildings and constructions	4,593	4,377
Machinery and equipment	30,519	30,399
Other tangible assets	3,899	1,915
Advance payments and acquisitions in progress	117	1,443
	<b>40,412</b>	<b>39,418</b>
<b>Investments</b>		
Holdings in participating interests	52,516	46,661
Other shares and holdings	609	609
	<b>53,126</b>	<b>47,270</b>
<b>Total non-current assets</b>	<b>232,669</b>	<b>252,889</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials and consumables	1,922	1,779
<b>Receivables (long-term)</b>	84	177
<b>Receivables (short-term)</b>		
Receivables from participating interests	358	726
Prepayments and accrued income	553	916
	<b>910</b>	<b>1,642</b>
Financial fixed assets	10	1,832
Cash in hand and at banks	367	7,710
<b>Total current assets</b>	<b>3,294</b>	<b>13,140</b>
<b>Total assets</b>	<b>235,962</b>	<b>266,030</b>

BALANCE SHEET OF THE ELECTRICITY TRADE BUSINESS, capital, reserves and liabilities	PARENT COMPANY	
	31 December 2023	31 December 2022
EUR thousand		
<b>CAPITAL AND RESERVES</b>		
Share capital	969	969
Premium fund	1	1
Revaluation reserve	630	630
Reserve fund	612	612
	<b>2,211</b>	<b>2,211</b>
Unrestricted equity		
Retained earnings from previous years	36,027	27,351
Result for the financial year	4,586	8,676
	<b>40,613</b>	<b>36,027</b>
<b>Total capital and reserves</b>	<b>42,824</b>	<b>38,239</b>
<b>Appropriations</b>		
Accumulated depreciation difference	17,553	16,408
Statutory provisions	334	334
<b>LIABILITIES</b>		
<b>Long-term</b>		
Loans from financial institutions	151,535	181,430
Deferred tax liabilities	5,391	2,912
<b>Short-term</b>		
Loans from financial institutions	6,185	7,115
Accounts payable	2,439	3,268
Liabilities to group companies	2,579	0
Liabilities to participating interests	4,427	10,006
Accruals and deferred income	2,569	5,410
Other short-term liabilities	125	907
Total short-term	18,324	26,707
<b>Total liabilities</b>	<b>175,251</b>	<b>211,049</b>
<b>Total capital, reserves and liabilities</b>	<b>235,962</b>	<b>266,030</b>

**26. INCOME STATEMENT OF THE ELECTRICITY TRADE BUSINESS**

Since 1 January 2023, the electricity business has only existed in the parent company.

INCOME STATEMENT OF THE ELECTRICITY TRADE BUSINESS	GROUP		PARENT COMPANY	
	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2023	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2022
EUR thousand				
<b>NET SALES</b>	49,614	42,813	29,298	
Other operating income	762	1,932	707	
<b>MATERIALS AND SERVICES</b>				
<b>Raw materials and consumables</b>				
Purchases during the financial year	23,510	26,772	15,370	
Personnel expenses	1,752	1,434	969	
Depreciation and reduction in value	2,253	3,993	1,495	
Other operating expenses	3,844	4,442	2,586	
<b>OPERATING PROFIT</b>	<b>19,018</b>	<b>8,104</b>	<b>9,584</b>	
<b>Financial income and expenses</b>				
Interest and financial income	730	699	729	
Interest and financial expenses	253	-636	468	
<b>PROFIT BEFORE APPROPRIATIONS</b>	<b>20,000</b>	<b>8,167</b>	<b>10,781</b>	
Appropriations				
Change in depreciation difference	0	-1,146	43	
<b>PROFIT BEFORE TAX</b>	<b>20,000</b>	<b>7,022</b>	<b>10,824</b>	
Income tax	-4,281	-2,436	-2,147	
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>15,719</b>	<b>4,586</b>	<b>8,676</b>	

## 27. SAVON VOIMA VERKKO OY'S BALANCE SHEET 31 DECEMBER 2023

EUR thousand ASSETS	31 De- cember 2023		31 De- cember 2022	
<b>FIXED ASSETS</b>				
<b>Intangible assets</b>				
Intangible rights	546		6	
Other intangible assets	7,233	7,779	7,870	7,876
<b>Tangible assets</b>				
Land and water areas	677		671	
Buildings and constructions	2,638		2,838	
Machinery and equipment	13,031		13,237	
Electricity network	380,383		363,062	
Data network	1,451		1,214	
Advance payments and acquisitions in progress	26,822	425,002	27,002	408,023
<b>Investments</b>				
Other shares and holdings	14	14	17	17
<b>Total non-current assets</b>	<b>432,795</b>		<b>415,916</b>	
<b>CURRENT ASSETS</b>				
<b>Inventories</b>	159		115	
<b>Receivables (long-term)</b>				
Deferred tax assets	49		49	
Other receivables	3	52	3	52
<b>Receivables (short-term)</b>				
Sales receivables	22,351		15,369	
Group receivables	619		465	
Prepayments and accrued income	318	23,288	1,197	17,032
Cash in hand and at banks		12,340		22,897
<b>Current assets</b>	<b>35,838</b>		<b>40,096</b>	
<b>Total assets</b>	<b>468,633</b>		<b>456,012</b>	

EUR thousand CAPITAL, RESERVES AND LIABILITIES	31 De- cember 2023		31 De- cember 2022	
<b>CAPITAL AND RESERVES</b>				
Share capital	500		500	
Other reserves				
Reserve for invested unrestricted equity	5,000		5,000	
Retained earnings	571		571	
Profit for the financial year	860	6,931	1	6,071
<b>Appropriations</b>				
Accumulated depreciation difference		271,862		257,626
<b>Statutory provisions</b>		243		243
<b>LIABILITIES</b>				
<b>Long-term</b>				
Connection fees		133,305		132,566
Total		133,305		132,566
<b>Short-term</b>				
Accounts payable	12,633		12,013	
Liabilities to group companies	31,111		37,578	
Other short-term liabilities	11,963		8,998	
Accruals and deferred income	585	56,293	918	59,506
<b>Total liabilities</b>		<b>189,597</b>		<b>192,072</b>
<b>Total capital, reserves and liabilities</b>		<b>468,633</b>		<b>456,012</b>

28. SAVON VOIMA VERKKO OY'S INCOME STATEMENT  
1 Jan.–31 Dec. 2023

EUR thousand	1 Jan.–31 Dec. 2023		1 Jan.–31 Dec. 2022	
<b>NET SALES</b>	<b>101,369</b>		<b>99,482</b>	
Other operating income		63		42
<b>MATERIALS AND SERVICES</b>				
<b>Raw materials and consumables</b>				
Purchases during the financial year		8,809		12,884
Personnel expenses		1,663		1,606
Depreciation and reduction in value		29,626		28,880
Other operating expenses		19,868		19,357
<b>OPERATING PROFIT</b>	<b>41,466</b>		<b>36,797</b>	
<b>Financial income and expenses</b>				
Interest and financial income		67		57
Interest and financial expenses		-947		-880
<b>Profit before appropriations and taxes</b>	<b>40,587</b>		<b>35,863</b>	
Appropriations				
Change in depreciation difference		-14,236		-13,944
Group contributions given		-25,611		-21,770
Income tax		120		-149
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>860</b>		<b>1</b>	

## 29. SHARES AND HOLDINGS

Name	Pcs	Group's share %	Parent company's share %	Book value (kEUR)
<b>Group companies</b>				
Savon Voima Verkkö Oy	1,000	100	100	5,500
Itä-Suomen Biomassa Oy	70	70	70	70
Savon Energia Oy	100	100	100	3

**Associated companies**

Kymppivoima Oy, Helsinki	557,508	18.5	18.5	32,880
Väre Oy, Kuopio	4,619,375	46.2	46.2	19,637

**Other significant holdings**

Varkauden Aluelämpö Oy	19,900	19.9	19.9	615
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# Signatures of the Board of Directors and auditor's note

## Signatures to the financial statements and annual report

Siilinjärvi, 28 March 2024

Juha Koukka  
*Chairperson of the Board  
of Directors*

Tiina-Liisa Liukkonen

Jari Kääriäinen

Jukka Laakkonen

Ossi Martikainen

Juha Räsänen  
*CEO*

(The financial statements were signed electronically.)

## Auditor's note

A report on the audit of accounts was submitted today.

Siilinjärvi, 28 March 2024

Ernst & Young Oy  
Authorised Public Accountant Firm

Elina Laitinen  
Authorised Public Accountant

(The auditor's note was signed electronically.)

# AUDITOR'S REPORT (Translation of the Finnish Original)

To the Annual General Meeting of Savon Voima Oyj

## Report on the Audit of Financial Statements

### Opinion

We have audited the financial statements of Savon Voima Oyj (business ID 0171351-2) for the financial year 1 January–31 December 2023. The financial statements comprise the balance sheets, income statements, cash flow statements and notes for the group as well as the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the CEO for the Financial Statements

The Board of Directors and the CEO are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply

with statutory requirements. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Other Reporting Requirements

### Other Information

The Board of Directors and the CEO are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Siiinjärvi, 28 March 2024

Ernst & Young Oy  
Authorised Public Accountant Firm

Elina Laitinen  
Authorised Public Accountant





**SAVON VOIMA OYJ**

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